

William J.
Chambliss

ON THE TAKE



From Petty Crooks
to Presidents

Second Edition

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William J. Chambliss

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We have met the enemy and they is us.

—Pogo

Contents

<i>Preface</i>	ix
<i>Preface to First Edition</i>	xiii
<i>Acknowledgments</i>	xv
<i>Introduction</i>	1
<i>Chapter One</i>	You Can Get Anything You Want if You've Got the Bread 13
<i>Chapter Two</i>	Being in the Business of Vice 32
<i>Chapter Three</i>	Profits and Payoffs 50
<i>Chapter Four</i>	The Crime Network 61
<i>Chapter Five</i>	Maintaining Control 81
<i>Chapter Six</i>	The Network Comes Apart 114
<i>Chapter Seven</i>	The Higher Circles 150
<i>Chapter Eight</i>	The State and Organizing Crime 182
<i>Chapter Nine</i>	The Enemy Is Us 201
<i>Notes</i>	219
<i>Appendixes</i>	229

PREFACE

In the preface to the first edition of this book I noted that the American people were “. . . being treated daily to a potpourri of national and local scandals of the highest quality. A group of journalists and investigators in Arizona have declared that ‘U.S. Senator Barry Goldwater, his brother and a close friend have dominated Phoenix and Arizona for nearly thirty years while condoning the presence of organized crime through friendships and business alliances with mob figures.’ The governor of Maryland, Marvin Mandel, has been found guilty of fraud and racketeering while he was governor of the state. His practices were part of a Maryland tradition which included former Vice President Spiro Agnew, who, according to the court record of his trial, took kickbacks for government contracts from the time he became Baltimore County executive in 1962 through the time that he was governor of Maryland and on into his days as vice-president of the United States: at the same time, incidentally, that he was making speeches across the United States decrying ‘crime in the streets’ and demanding that we reinstate law and order. In neighboring Pennsylvania, Governor Milton Shapp has admitted to a grand jury that he accepted two paper bags each containing \$10,000 in cash during the 1970 gubernatorial campaign. Shapp told the grand jury he could not remember what happened to the cash.”

Barry Goldwater is now retired, Marvin Mandel was found guilty of fraud, which involved taking \$380,000 in bribes, and served nineteen months in a Florida penitentiary. Milton Shapp has not been heard from for years.

Agnew, Mandel, Goldwater, and Shapp were not the only ones allegedly implicated in criminal conspiracies. Jimmy Hoffa, a major figure in organized crime and former president of the International Brotherhood of Teamsters, was sent to prison in the sixties and disappeared after his release from prison in the seventies. Just as Governor Mandel followed a Maryland tradition, so Hoffa followed a Team-

sters tradition. Every president of this union since the 1930s has been found guilty of criminal activities involving the misuse of union funds, illegal payoffs to politicians, and investments of pension funds in organized crime enterprises.

In the early 1970s President Richard M. Nixon was forced to resign in the wake of disclosures that he was involved in a criminal conspiracy in his zeal to be reelected president in 1972. This was the infamous "Watergate Affair" wherein the president and his men planned and executed a burglary of the headquarters of the Democratic Party.

In the aftermath of "Watergate," legislators were stirred to pass the Ethics in Government Act (1974). Symbolically the legislation was an important reaffirmation of the government's opposition to unethical and criminal practices of elected officials. Judging from the frequency with which unethical and criminal practices by government officials have continued, however, the Act is more symbolic than effective. Scarcely a month has gone by in the two decades since the late sixties without some high government official being accused, indicted, tried, or found guilty of criminal acts. At this writing, former White House aide Michael K. Deaver has been convicted of perjury and awaits sentencing. White House political director Lyn Nofziger was convicted in 1987 of illegal lobbying activities. Attorney General Edwin Meese is being investigated by a special prosecutor for the violation of the conflict of interest laws in his dealings with a company that received large government contracts. Meese is also accused of failing to fulfill his responsibilities as attorney general by not disclosing a proposed agreement through which Israel was to receive a kickback of \$700 million for supporting an oil pipeline. Some of these funds were to go directly to the Labor Party of then Prime Minister Shimon Peres. Officials of the National Security Council, occupying the most influential offices in the world, are being investigated by a special prosecutor for allegedly illegally smuggling arms to Iran and Nicaragua. In the eight years of the Reagan administration over a hundred high level officials have been forced to resign as a result of evidence that they acted unethically or criminally while in office.

Meanwhile in the Congress, Representative Mario Biaggi of New

York was sentenced to 2 1/2 years in prison and fined \$500,000 on charges of receiving illegal gratuities, obstructing justice, and “illegal trafficking.” On the state level governors and mayors, prosecutors and police chiefs, as well as police officers and minor officials, are implicated in corrupt practices time and time again. Criminal infiltration of trade unions is investigated and union officials sent to prison, but the practices resurface with new faces as surely as the unions’ demands for higher wages is resisted by corporate managers. In the past year four of America’s largest cities—New York, Chicago, Philadelphia, and Washington—are being “swept clean” with investigations that reveal the omnipresence of organized crime, along with political and police corruption. One consequence of these investigations, as we shall see, is a dramatic increase in the number of murders and the incidence of gang violence, as drug pushers compete with one another in the market opened up by these investigations.

In the early 1960s John F. Kennedy was introduced to Judith Campbell Exner by Sam Giancana, a major organized crime figure from Chicago. President Kennedy and Judith Exner apparently carried on a torrid romance while Kennedy was president. Recently Ms. Exner admitted that she “arranged about 10 meetings between Kennedy and Giancana. . . .” Giancana boasted that he had been responsible for Kennedy’s election because he delivered the Illinois vote.¹

What I wrote in 1978 is as true today as it was then: “. . . presidents, vice-presidents, congressmen, senators, governors, and racketeers are implicated in a ubiquitous system of payoffs and favors, back-scratching, stealing, illegal campaign contributions, and personal aggrandizement.”

This book is a study of how and why organized crime, politicians, law enforcement agents, and business people are intimately involved in corruption and how organized crime flourishes in America. The focus is on organized crime, vice, corruption, bureaucracy, politics,

1. George Lardner, Jr., “Woman Who Claimed Affair with JFK Asserts She Was His Conduit to Mafia,” *Washington Post*, February 23, 1988: A14.

and power. The analysis begins at the fountainhead of these relationships with the bookmakers, pawnbrokers, pimps, drug dealers, prostitutes, professional thieves, gamblers, and cops. I have studied and analyzed the relationship between the people who supply, organize, and manage the vices and the law enforcement agencies, bankers, legitimate business people, attorneys, and politicians. The firsthand research moves from the "skid road" of Seattle to the lay-off centers of Las Vegas, Miami, and New York and outward to the opium fields of Thailand and Turkey and the international networks that smuggle drugs and arms in a multi-billion dollar business.

The research that began in Seattle has taken me around the world to Thailand, Hong Kong, Africa, Sweden, Norway, England, and Cuba, as well as all over the United States. I have interviewed hundreds of people including drug dealers, CIA agents, drug enforcement officials, politicians, addicts, gamblers, and international smugglers. These sources combined with information gathered from national archives, court records, reports available through the freedom of information act, and the findings of reliable journalists comprise the raw data from which the accounts in this book are derived.

PREFACE TO THE FIRST EDITION

As this book is going to press we are being treated daily to a potpourri of national and local scandals of the highest quality. A group of journalists and investigators in Arizona have declared that "U.S. Senator Barry Goldwater, his brother and a close friend have dominated Phoenix and Arizona for nearly thirty years while condoning the presence of organized crime through friendships and business alliances with mob figures." The governor of Maryland, Marvin Mandel, has been found guilty of fraud and racketeering while he was governor of the state. His practices were part of a Maryland tradition which included former Vice-President Spiro Agnew, who, according to the court record in his trial, took kickbacks for government contracts from the time he became Baltimore County executive in 1962 through the time that he was governor of Maryland and on into his days as vice-president of the United States: at the same time, incidentally, that he was making speeches across the United States decrying "crime in the streets" and demanding that we reinstate law and order. In neighboring Pennsylvania, Governor Milton Shapp has admitted to a grand jury that he accepted two paper bags each containing \$10,000 in cash during the 1970 gubernatorial campaign. Shapp told the grand jury he could not remember what happened to the cash.

We learn today that President Nixon's source of the infamous "million-dollar hush money" that he told John Dean he could get was the Teamster Union pension fund. And we learn that the long-debated question of whether or not Lyndon Johnson was involved in rigging the election which sent him to the U.S. Senate in 1948 may finally be answered by his former political ally who, in his declining years, wishes to make a clean breast of things by admitting he helped Johnson steal that election.

Sadly there is no end to this list. Union officials—like Tony Boyle and Frank Fitzsimmons—presidents, vice-presidents, congressmen, senators, governors, and racketeers are implicated in a ubiquitous system of payoffs and favors, backscratching, stealing, campaign contributions, and personal aggrandizement. When such things happen from time to time it may be sensible to seek an explanation in the psychology of the misfits who cheat, steal, and connive. But when they are so commonplace that they are scarcely newsworthy we must seek the explanation in characteristics of the society. In the book that follows I have sought that explanation by studying and analyzing from the bottom up a system of racketeering, payoffs, and political empire building. Like the relationships described, the names and places of this study can be transferred to any city, any state, and any country with only minor changes in casting. The parts and the script are always the same. Where politics, illegal business, and corruption are concerned, every city in the United States is “America in miniature.”

ACKNOWLEDGMENTS

Outside Oslo, Norway, in the woods up from Skådalen were three things that helped make this book possible. First is a log cabin where I spent the year 1974-75. Between hauling water, chopping wood, building fires in a fireplace that was eternally drafty, and running through the snow to the outhouse this book was written, mostly by kerosene lantern.

The second thing that helped make the book possible is a magnificent Norwegian friend, Helge Ingstad. Helge gave me invaluable advice on how best to tell what I had found in my research. I shall never forget sitting in front of the large window that overlooked the city, watching him ski up to the cabin one cold morning. He had in his rucksack a copy of the manuscript I had left with him the night before. Over tea he told me, "You mustn't give away the end of the story in the beginning. You must make the reader discover things the way you discovered them as you drank beer and talked with these fellows." After several more comments he became angry with me: "Why don't you argue with me? You mustn't agree with everything I say or I won't give you any more opinions." He slammed the book shut at that point. His advice, faith, and endless good sense were truly inspirational.

Third were the people with whom I shared that year. My best friend and companion, Lisa Stearns, whose strength of conviction and confidence in the project kept me from using the mounting piles of paper for fire starter. And my children: Lauren, who lived with us for a good part of that year and whose laughter helped warm the logs as her jeans joined mine in the snow when we fell on skis that would not stand still. Kent and Jeff added their voices to the stay in the Norwegian woods and showed patience not only with my writing but with my unerring sense of direction,

which almost got us lost in the frozen tundra on Christmas Day before we came home to a Christmas dinner cooked over a potbellied stove that must be the finest meal anyone ever had.

Perhaps the warmth and love we all shared that year while I was writing this book, this book about people who have so little of either in their lives, is the final paradox of the story.

Others helped as well. Nils Christie of the Institute of Criminology in Oslo read the manuscript, encouraged me to continue with it, and made many helpful suggestions. So too did John Mack of the University of Glasgow.

In gathering the data, I found that people whose lives were touched most by the events described were unspeakably generous with their time and their consideration. Most of them must remain nameless. A few, however, whom I wish to thank publicly are Don Duncan of the *Seattle Times*, Reg Bruce of the Citizens' Council Against Crime, Ron Henson of KIRO Radio, and especially David Keown, who worked hard and creatively on part of the research which made this book possible.

Most of the informants who provided information on the smuggling of narcotics and the role of the CIA cannot be mentioned. Among those who can, General Ouane Rattikone of the Laotian Army was very helpful and forthcoming. Goran Elwin and Lisa Stearns worked with me on research in Sweden and were ideal co-researchers. Lisa Stearns continues to provide invaluable insights and observations in the development of ideas and the need to check and evaluate sources. My dear friend and colleague, Al Block, has listened attentively, shared sources and insights and proved again and again what it means to be sincerely committed to the process of discovery and inquiry. He also read the revision and commented on it. Martha Huggins scrutinized the manuscript with more care and love than anyone could ever ask for. Her suggestions and intelligence contributed immeasurably to the work. My heartfelt thanks goes to these friends and colleagues.

To all these people and to the Norwegian woods I am forever grateful. I can only hope the result of our efforts is worth it.

Introduction

MODERN WESTERN civilization produces strange things: an infinite variety of products differentiated by color, size, and shape and signifying nothing (see Alvin Toffler's *Future Shock*), a common despair among overly institutionalized children isolated and hardened by a competitive, irrational, and insensitive educational system (see Jules Henry's *Culture Against Man*), a mass of unemployed youth masquerading as students (see Charles Reich's *The Greening of America*), and a variety of crime the likes of which the history of living things has never before experienced (see any big city daily newspaper).

Money is the oil of our present-day machinery, and elected public officials are the pistons that keep the machine operating. Those who come up with the oil, whatever its source, are in a position to make the machinery run the way they want it to. Crime is an excellent producer of capitalism's oil. Those who want to affect the direction of the machine's output find that the money produced by crime is as effective in helping them get where they want to

go as is the money produced in any other way. Those who produce the money from crime thus become the people most likely to control the machine. Crime is not a by-product of an otherwise effectively working political economy: it is a main product of that political economy. Crime is in fact a cornerstone on which the political and economic relations of democratic-capitalist societies are constructed.

In every city of the United States, and in many other countries as well, criminal organizations sell sex and drugs, provide an opportunity to gamble, to watch pornographic films, or to obtain a loan, an abortion, or a special favor. Their profits are a mainstay of the electoral process of America and their business is an important (if unrecorded) part of the gross national product. The business of organized crime in the United States may gross as much as one hundred billion dollars annually—or as little as forty billion—either way the profits are immense, and the proportion of the gross national product represented by money flowing from crime cannot be gainsaid. Few nations in the world have economies that compare with the economic output of criminal activities in the United States.

This is the story of illegal business and how it works in one of America's largest cities, Seattle, Washington. It is the story of the ins and outs of the subterranean, often invisible world that surrounds the multimillion-dollar industry built upon gambling, drugs, usury, business fraud, prostitution, professional theft, and robbery. This industry is an important feature of the political organization and economic structure of modern life, but one that we often fail to understand.

At the turn of the century one of America's finest journalists, Lincoln Steffens, made a career and helped elect Theodore Roosevelt president by exposing corruption in American cities. Lincoln Steffens concluded that "the spirit

of graft and of lawlessness is the American spirit." In *Shame of the Cities* he described the results of his investigations in most of the nation's largest cities in the early 1900s:

In the very first study—St. Louis—the startling truth lay bare that corruption was not merely political; it was financial, commercial, social; the ramifications of boodle were so complex, various and far-reaching, that our mind could hardly grasp them . . . St. Louis exemplified boodle; Minneapolis police graft; Pittsburg a political and industrial machine; Philadelphia general civil corruption . . .¹

These things did not die with Lincoln Steffens or cease with the election of Teddy Roosevelt. In 1931, after completing an inquiry into the police, the National Commission on Law Observance and Enforcement concluded:

Nearly all of the large cities suffer from an alliance between politicians and criminals. For example, Los Angeles was controlled by a few gamblers for a number of years. San Francisco suffered similarly some years ago and at one period in its history was so completely dominated by the gamblers that three prominent gamblers who were in control of the politics of the city and who quarrelled about the appointment of the police chief settled their quarrel by shaking dice to determine who would name the chief for the first two years, who for the second two years, and who for the third.²

In more recent years the task of exposure has fallen into the generally less-probing hands of government committees and social scientists who, unlike their journalistic predecessors, have gathered their information from police departments, attorney generals' files, and grand jury records. Unfortunately this difference in the source of information has distorted our picture of organized crime and has led to the premature acceptance of the Justice Department's view

that there is an Italian-dominated Mafia or Cosa Nostra that manages most of America's vice industry. Donald R. Cressey, one of the social sciences' most articulate spokesmen for this view who based his conclusions on data gathered primarily from the U.S. Department of Justice and from a few state crime commissions, depicted organized crime in the U.S. in 1969 as follows:

In the United States, criminals have managed to put together an organization which is at once a nationwide illicit cartel and a nationwide confederation. This organization is dedicated to amassing millions of dollars by means of extortion, and from usury, the illicit sale of lottery tickets, chances on the outcome of horse races and athletic events, narcotics and untaxed liquor.³

He also says:

. . . an Italian organization in fact controls all but an insignificant proportion of the organized-crime activities in the United States.⁴

The stereotype of the Mafia is an interesting and pervasive one in America. Hardly a month goes by that there is not an article in *Playboy*, *Harper's*, *Newsweek*, or *Time* about some facet of Mafia life: a person is killed, a "hoodlum" is arrested who claims to be part of the Cosa Nostra, a politician is suspected of being under the control of a Mafioso. Movies abound: *The Godfather* tells us about the "secret government" run according to the characteristics and customs of Italian families as they become more and more assimilated into American culture, but always involved in criminality as a way of life.

The curious thing about these various characterizations is that they all rely on a very small base of data. A few imaginative and talkative persons, usually facing felony

charges and long prison sentences, gain immunity from prosecution on at least some of the charges by “telling it all.” Curiously, what these people tell never seems to culminate in any very substantial number of arrests. Their stories are always contradictory and the people doing the telling are *never* those at the top. Occasionally a book is written from interviews with one of the alleged leaders of the Mafia: Lucky Luciano and Frank Costello have recently joined the parade of Mafiosi who have told their stories.

Careful reading of *all* the data contained in these biographies as well as the mountains of official reports by crime commissions, government investigations, and congressional inquiries does not lead comfortably to any simple conclusion about the organization and structure of those who run, finance, and manage illegal businesses in the United States. Indeed, one is tempted to say that these data are rather more elusive than they are enlightening. The only sound conclusion we seem able to draw from the contradictory and varied interpretations of the data is that no single “picture,” whether it is of a highly centralized organization populated principally by Italian-Americans or a complete hodgepodge of small time entrepreneurs, conveys a correct image.

It is likely that relying on police and other law-enforcement agencies for our information may lead to an overemphasis on the role of those who fit the stereotype of the “criminal” and a corresponding deemphasis on the importance of businessmen, politicians, and law enforcers as institutionalized components of America’s political and economic system, which creates and perpetuates syndicates that supply the vices in our major cities.

Going to the streets of the city rather than to the records and IBM cards of the bureaucracies may bring the role of corruption and complicity between political, economic,

and criminal interests into sharp relief. Organized crime may not be something that exists outside law and government but may be instead a creation of them—a hidden but nonetheless integral part of the governmental and economic structures of the society. The people most likely to be exposed by public inquiries may be outside the government but the network of which they are a part may be organized around, run by, and created in the interest of the economic, political, and legal elites who on the surface represent the noncriminal interests of “everyone.”

If that is the case, then the view of organized crime as a coalition of Italian-American families operating under the rules and regulations of a law unto themselves may be a smokescreen behind which the reality of illegal businesses is conducted. There need not be a conspiracy of public deception on the part of political and other leaders. The Mafia may simply be a convenient scapegoat for some and a reasonable explanation of an otherwise difficult-to-account-for phenomenon for others. One need not posit an evil conspiracy behind every instance of pluralistic ignorance. History is replete with examples of whole populations being divided *not* by wicked manipulators of lies (though there is always an abundant supply of such types in any society) but by blinders that color the interpretation of the world and create false consciousness.

In the fall of 1962 I began studying “organized crime” in Seattle, Washington. At the time I was told by almost everyone to whom I talked that I had chosen the wrong city for such a study. Seattle, I was informed, was blessed not only by a ring of natural beauty and unspoiled wilderness, it was blessed also by clean government, sturdy law enforcement, and a paucity of organized crime.

In the course of the study I came to change my mind about many of the beliefs I held before this inquiry.

Trained as a lawyer and a sociologist, I was prepared to find that crime was understandable in terms of people socialized, stigmatized, and differentially associated with criminal behavior patterns. I expected also to find that law enforcers were inordinately stubborn in their insistence on a “crime control” model of law enforcement, sometimes ruthless in wielding their authority, often insensitive to the human problems faced by those whom they found committing criminal or deviant acts: but for all of this, conscientious people expressing the values and sentiments of the community of all “right-minded” citizens.

In short, when I began the study I was located politically and theoretically slightly to the left of the liberal side of the academic community. I tended to see things at first which confirmed that picture.

The prime value of training as a social scientist, however, is perhaps in teaching a variety of theoretical lenses which can be called upon when the one we begin with fails to fit and in teaching as well that good research comes from scratching where it itches. In the early days of the research I had the uneasy feeling that I had not yet found the itchy spot.

The unfolding of the research is the description of the findings, so I do not want to spoil the story by preempting it. The methods, the theory, and the findings unfold dialectically. To convey the process is one of the things I wish to communicate in this book. My way of writing sociology, however, is rather unconventional. It is customary among social scientists to begin their work with their conclusions, perhaps as a way of giving overly burdened audiences an opportunity to cop out of reading the entire work but still enabling them to recognize quickly the material when they hear or see it referred to. I apologize to those who would prefer that format. I fear, however, following it might rob

the reader of that sense of discovery which was and is characteristic of the research.

It will not be giving away too much to suggest a few of the conclusions. Theoretically, the most important finding of this project has been the realization of how shallow and unfruitful was the perspective with which I began. Indeed, the theories of the law and of crime that dominate the academic study of crime (as contrasted with the street knowledge of crime) are in my view almost entirely misleading. I have come to believe we shall cut through the maze of misunderstanding about crime only when we come to accept the fact that its causes and the reactions to it are best understood as social relations reflecting political and economic systems. To put it succinctly, but necessarily too simplistically, crime is a political phenomenon which takes its character from the economic institutions that exist at a particular point in time.

From the perspective of political economy the most important theoretical model for understanding crime in general and organized crime in particular is the dialectic: criminality reflects and stems from contradictions that inhere in the political and economic structure of society; these contradictions create conflicts and attempts to resolve them. The resolutions forged, in turn, reveal other contradictions, further conflicts, and more resolutions. In this way the process of history unfolds. In this way the development and maintenance of illegal business and of organized criminal activities fit into, reflect, complement, and mirror the political economy of our time.

This model is best grasped in its use. It is the intention of the remainder of the book to show how the reality of organized crime in Seattle led to and helped develop this model.

One other, more concrete conclusion that came from the research may also help put the materials in perspective.

The picture of organized crime I draw differs from the picture drawn by others in two important ways. First and foremost, I do not believe that organized crime is run and controlled by a national syndicate with a “commission” or “board of directors” who have a feudal-like control over underlings spread across the nation. Second, the idea of a Mafia, Cosa Nostra, or simply an “organization” that rules organized crime is deceptive for it implies that organized crime is run by a group of private citizens. My research has shown very clearly that organized crime really consists of a coalition of politicians, law-enforcement people, businessmen, union leaders, and (in some ways least important of all) racketeers. Who dominates the coalition varies from city to city and from time to time. In New York Lucky Luciano and Frank Costello may have been more powerful than anyone else in the city during their reign. But in Chicago and Gary, Indiana, it is politicians who for many years have had the ultimate and most important practical control of organized crime.

It is a mistake to look for a “godfather” in every crime network. A lesson to be learned from this study is that it is a network in which people come and go, dominant offices shift and change, roles vary and fluctuate, but the system goes on and on. The characteristics of the more colorful racketeers may make good newspaper copy but they do not help us understand how organized crime works, nor can they explain its continuance and its health.

This, then, is the story of Seattle’s crime network. It was an unusually successful one as measured by its influence, its income, its duration, its freedom from legal sanctions, and its power over the life of the city and the state. The group that I found managing and profiting from organized crime in Seattle was like crime networks everywhere in that it was composed of some of the city’s and state’s leading citizens. Working for, and with, this group of respectable

community members was a staff to coordinate the daily activities of prostitution, card games, lottery, bookmaking, pinball machines, the sale and distribution of drugs, usury, pornography, and even systematic robbery and burglary. Representatives from each of the groups engaged in organized crime made up the political and economic power centers of the community, met regularly to distribute profits, discussed problems, and made the necessary organization and policy decisions essential to the maintenance of a profitable, trouble-free business.

The study began in 1962. For the next five years (1962-67) I spent a large amount of time observing and interviewing people involved with Seattle's criminal networks. My research took me into the backrooms of cabarets, cardrooms, jails, executive suites, and politicians' chambers. In 1967 I left Seattle but the research was continued. I went back for three months one summer and for several shorter visits. In 1971 David Keown and I visited Seattle twice and he stayed for several months gathering data for his master's thesis. Through contacts with friends and informants the research has continued to the present day.

In what follows I have used a combination of real and fictitious names. In some cases fictitious names are necessitated by my obligation to protect those who provided the information that made this book possible. Where pseudonyms appear I have indicated this by the letter (P) following the name used.

Whether or not the names used are fictitious, the events described are real. It is not my intention to dwell on the scandals and personalities of the people involved in what I found in my research. Rather, my intention is to show how and why these relationships occurred in Seattle and why and how they occur elsewhere as well. As this book is going to the printer, a group of journalists have recently pub-

lished materials detailing illegal businesses and crime networks in New York, Chicago, Philadelphia, and Washington, D.C., that implicate some of the most prominent political and business figures in the United States. With a few changes of names and political affiliations these materials could be piped into the findings from Seattle, Newark, or anywhere else.

CHAPTER ONE

You Can Get Anything You Want if You've Got the Bread

IN A VERY real, if surprising, way my work on the crime network began with an observation of Mark Twain's. He noted that "science is a fascinating thing: we get such wholesale returns of conjecture out of such trifling investments in fact." The trifling investment in fact that characterized the study of crime in the 1960s was a major impetus for me to shed my academic stance long enough to go into the streets of the city—more precisely, down to skid row and the black ghetto—to see what was taking place.

I chose this area of the city for a good reason: 80 to 90 percent of all the arrests in every city in the United States take place in the skid-row, lower-class, slum areas. I wanted to know why the police made most of their arrests in this rather small geographical area and, more precisely, how the working policeman decided to arrest some people and not others.

In 1962 a change in the sociological weather was taking place that was affecting us all, and it made us look again at what had often been taken for granted. Sociologists began to look through the windows of police cars and behind the bars of jail cells to discover “the law in action.” I was skeptical that such a practice would yield reliable results. I decided, therefore, to watch the law work from the vantage point of those it worked on.

In an earlier time I had passed through skid rows in various cities while bumming around the country and working as a migratory laborer. I felt, therefore, that I could pass as a resident if I dressed and acted as I remembered others in those areas dressing and acting.

With two days’ growth of beard, a pair of khaki pants, and an old shirt, I drove down to the edge of that magical ring that circumscribes and, in fact, effectively hides skid row from the eyes of those who do not care to see it. I walked the two blocks between the commercial center and skid row, turned a corner, and found myself *there*: incognito—almost. One block later two large black men stepped from doorways and moved toward me. Whoosh went my adrenalin.

“Got a buck, buddy?” It used to be a quarter, I thought.

“No, sorry.” I was unnerved by the realization that they knew I was enough of an outsider to try to put the bite on me for a dollar.

It was raining this day, in that ubiquitous rain that is the hallmark of Seattle’s climate. So I looked for shelter and found a seat in Tip’s Amusement Parlor (P),* where I had a cup of coffee. I didn’t like coffee and would have preferred tea, but coffee, I calculated, was essential for the image.

Pinball machines stood against the wall at Tip’s. After my coffee I played one, and the waitress gave me a strange look

*The letter (P) indicates a pseudonym.

when I walked away from the machine with four unplayed "free games."

"Hey, don't you want the money for them games you won?"

"Oh. Oh, yeah." She went to the cash register and gave me forty cents. Then she went to the machine and rang off the games I had won.

Out in the rain I wondered about the meaning of all that. My thoughts were interrupted, however, by the sight of a patrol car moving slowly down the street. I walked in the same direction. The car, with two policemen inside, stopped at the curb and motioned to a man standing in a doorway. The man went to the car. They talked for a minute. The patrol car pulled away and the man went back to the doorway.

For the next several days I observed numerous incidents of this kind. They made little sense at first: foot patrolmen would, apparently at random, walk up and shake the handle of some closed businesses while completely ignoring many others. I saw people who appeared to be only slightly intoxicated arrested while others who were barely able to walk were either ignored or told to go home.

Once in the middle of a sunny (for a change) Friday afternoon a very large Spanish-looking woman ran onto the street from a small hotel entrance. She was screaming, "He's gonna kill me."

She saw a footpatrolman walking by and anxiously ran up to him. He waved his hand impatiently to ward her off and continued his walk down the street. A patrol car turned the corner in the next moment and moved slowly down the street. The woman ran up to the window of the car and said, "He's gonna kill me." The patrol car pulled away from her, turned the next corner, and was gone.

After a week of observation, my only conclusion was that

the arrest-nonarrest, action-nonaction decision of a policeman was totally random and irrational.

Sitting in Tip's Amusement Parlor one afternoon, I was joined by a patrolman whom I had seen several times. I started a conversation. He asked me what I did and I said, "I drive a truck." In the middle of his lunch I said, "You know something, I have always wondered how you guys decide who to pick up and who to ignore—where to look for things and where not to."

He replied, "Look, when you know a place as well as I know this one—I been on this beat for fifteen years—you just naturally know where to look, who's okay, and who needs to be watched. If a light's on when it should be off, I go see. If a broad's on this corner when she usually works uptown, I check her out. It's like when my old lady don't cook dinner, I know something is wrong."

This made sense to me so I accepted it as the start of an explanation.

Tip's was only a few minutes from the downtown business section. It stood behind an invisible wall that separated the city's skid row area of flophouses, Salvation Army relief centers, drunks, occasional workers, and amusement parlors from the rest of the city. It was a simple thing to cross the imaginary line and pass out of the respectable community. But despite the ease of access, only those with special interest in the pleasures, pains, and profits to be had behind the wall ever ventured there.

Behind the façade of banks, office buildings, and department stores, a different life pounded out a heartbeat distinct from that of the neighboring commercial district. Tip's, along with half a hundred similar establishments, was very much a part of this invisible world hidden within the city.

The outside of Tip's had the appearance of a run-down

bowling alley. Two of the bulbs in the neon sign were burned out; the paint was peeling and the door was painted an offensive green that was purchased because it was outdated and therefore inexpensive. Only the large plate-glass window which provided a panoramic view of the street was new and well kept.

Inside Tip's was a long lunch counter where Millie (P), an over-the-hill ex-prostitute and sometime junkie, served coffee hot enough to take away the chill of a night spent in a cold, wet alley. Other than the long lunch counter and chair behind the cigar case beside the cash register there were no seats in Tip's. A row of pinball machines stood where booths might have been. The uninitiated played pinball for the sheer joy of watching the flashing lights and the meaningless numbers hop around the face of the machine. The initiated played for pay—or so they hoped. These machines were part of a relatively recent innovation in pinballs; they were “multiple coin” machines. The principle is simple enough: instead of inserting one dime and playing the game, you can insert as many dimes as you can shove into the slot. The more dimes you insert the higher the odds go and the more you stand to win—or, more likely, to lose.

Naturally the odds do not increase as a straight increment of how many dimes you put in. The machines are set to make the increase in odds something less than the increase one might expect mathematically to occur with every additional dime. Some of the players no doubt were aware of this but played anyway. Others—one suspects the majority—were really taken in by the assumption that underlies all gambling: that the “house” is in fact gambling and can be beaten. In reality the house never gambles: it only takes advantage of some well-known and clear mathematical principles of chance. The house cannot go broke

and gamblers cannot beat the house no matter how much an individual may win. In the end the laws of chance are more powerful than the laws of luck.

On cold winter or rainy days, the area around the pinball machines and between the machines and the window are filled with men standing around. Since it rains more often than not, business was usually brisk. Most of the customers were unemployed, unattached men for whom the inside of Tip's offered some relief not only from the incessant drizzle but from the boredom of their cheap hotel rooms or the bad coffee of the "social clubs" set up by various charities.

One afternoon while I was having coffee at Tip's I noticed people going in and out of a back room. I asked Millie, who had become my friend, where these people were going.

Millie: "To play cards."

Me: "Back there?"

Millie: "Yes, that's where the poker games are."

Me: "Can I play?"

Millie: "Sure, just go in. But watch your wallet."

So I go, hesitantly, through the back door and into a large room which has seven octagonal, green felt-covered tables. People are playing five-card stud at five of the tables. I am immediately offered a seat by a hand gesture from the cardroom manager. I play—all the time watching my wallet, as I had been advised.

There is no money on the table, only small poker chips. The chips, however, are purchased from the cardroom manager. The limit on the bet varies but ranges between three and five dollars at these tables. The players are an interesting assortment of men most of whom seem to be "down on their luck." They are mainly middle-aged men playing conservative cards with what appears to be a group of friends. Most of them are acquaintances, a few are friends. The daytime game tends to draw the same group of

people together day after day barring illness or recovery from a drunk. The players are amazingly patient and remain in their chairs hour after hour watching the cards come and go and the chips move around. •

Occasionally a stranger—a sociologist dressed like a truck driver or an honest-to-God truck driver who comes by on his route to play for a half an hour—enters and leaves the game. The rhythm is only slightly jarred by these outside intrusions. Otherwise the scene has the distinct aura of a well-rehearsed play.

At noon the tables fill to capacity as shopkeepers and workers from nearby offices step across the line into skid row and play a few fast hands of poker or rummy.

Other than the players there are only the waitress and the cardroom manager present. The waitress is a marvelous contrast to Millie; if Millie gives the appearance of an over-the-hill prostitute, Margaret (P) gives the distinct impression that she is *not* over the hill. The manager is casual and friendly without being exuberant. The atmosphere is like that found in truck stop cafes, where conversation is limited and pointed but with an undertone of easy humor focused on making fun of one another's weaknesses or strengths.

Across from the cardroom, somewhat closer to the toilets on the other side of the hall, was a small door that led to a room with a sign (in yellow and red letters) announcing PANORAMA. Tip's' panorama was filled with machines which, for only ten cents, played two-minute reels of film showing women undressing and couples copulating. There are usually two distinct groups of people at panorama. First and most obvious is a counterpart to the men standing out front by the pinball machines: a row of sleepy-looking males leaning against the back wall of the room. Second are those who come in with something specific on their minds: men in business suits with neatly trimmed hair and boys of six-

teen or so who are getting some sort of education. Like the difference between the initiated and uninitiated at the pinball counter, there are the “fish” and the “insiders” of panorama as well. The businessmen and the boys are mostly fish. The men leaning against the wall are insiders.

For the uninitiated the ten cents spent on the reel brings two minutes of viewing interest. However, what the initiated know is that the film becomes more and more explicit in its sexuality as each dime is inserted. What starts off as a film of a woman undressing ends as a film of a man and woman engaged in oral intercourse. The men leaning against the wall know that it takes five dimes to move from undressing to finale; they wait patiently for the boys to come and go with their dimes until the last reel is due, then they invest *their* money.

For the next several weeks I played poker in Tip’s every day. In conversations with the cardroom manager, the waitresses, and the other poker players, I learned the truth of what a taxi driver had told me the second day of my research: “You can get anything you want in Seattle if you’ve got the bread.” Gambling, bookmaking, stud-poker games, prostitution, drugs, pornographic literature and devices, high-interest loans, stolen property, bingo parlors, and pinball machines that pay off were available on practically every street corner of the hidden city.

Bingo began at ten in the morning and went until eleven at night inside the Alpha Bingo Club, one of eleven bingo clubs operating in the city. Here you found older people, many with shopping bags beside them, whiling away a few hours. Some played an amazing number of cards all at once: as many as fifteen or twenty at a time. The room was barren, with an invisible sign that said “strictly for profit.” The players were intent on the game. My field notes on one of my visits to the Alpha Club report: “At the front of the room on a slightly elevated platform an attractive woman

moves a basketful of ping-pong balls with numbers on them. She reaches in and calls out 'B 43.' The players quickly search their cards for that number. Each card costs ten cents. Cash and prizes go to the winners, though mostly the cash goes from the players to the bingo parlor." Enough cash goes that way to make the bingo parlor owners wealthy men. The secretary to one bingo operator explained that "normal" profits were not high enough, however, to keep the owners from cheating the customers. One of the games played is called Blackout. The idea is simple: the house pays off an extraordinarily high prize to the lucky winner, but each time a round goes by with no winner the size of the prize dwindles. When Blackout is called, there is a discernible quickening in the atmosphere.

Most often so many rounds go by without a winner that the prize slides from five hundred to twenty-five dollars. The bingo card manufacturer informed the purchaser that there is one number which appears on all the cards and without which none will ever yield the complete line across, down, or vertically necessary for a "bingo." Thus, the lady on the elevated platform, who juggled and picked the balls, needed only palm the one ball with the number necessary to win, and see that it did not get called until the prize had dwindled from five hundred to twenty-five dollars.

Occasionally, however, someone was allowed to win the big prize. This was done to keep the rumor around that huge payoffs were possible. Unfortunately for the customers the "huge winner" was, more often than not, a plant: someone hired by the owners to spend an afternoon (at two dollars an hour) playing bingo and to return the five-hundred-dollar prize as soon as he or she left the room with a big smile and a satisfied air.

The stories I heard led me to visit innumerable bars, cafes, cardrooms, and bingo parlors in the area. There were

some variations in clientele, some variation in games played, but the fact that gambling was conducted openly and rampantly throughout this part of the city could be observed by anyone who cared to look. The police did not *seem* to be looking. It became my self-appointed task to find out why.

At the end of the month, as I sat talking to Millie, a partial answer to some of my questions was suggested. A man dressed in civilian clothes but whom I knew to be a sergeant on the vice squad came in and went into the manager's office.

Me: "Who is that?"

Millie: "He's the bagman."

Me: "The what?"

Millie: "The bagman. He collects the payoff for the people downtown."

Me: "Oh."

Nightfall brings many more people to the area. The card-rooms fill up, the panorama and pinballs get busier, and often there are lines of people waiting for their turn. On the street other activities come to life. Bingo parlors that have played most of the day to "little old ladies with shopping bags" now fill up with middle-aged men and women who play three, four, or five cards at a time. The small shops specializing in pornography and sexual mechanics light their neon signs and prepare for the rush of the evening.

Now on the street are more of the same people who played cards in the day. Those who live in the area are more numerous after dark. There are the drunks, the occasionally employed, the disabled, and the retired poor who live on skid row because of its cheap housing and food. But added to this nucleus of residents is an equal, perhaps even greater, number of nocturnal visitors who steadfastly avoid

the area by day. These are "square johns," whose money makes the place live and die. These are the people who come at night for the gambling, the sex, the drugs, and the liquor that may be found elsewhere but are concentrated here and brought conveniently together.

Prostitutes, who during the day are occasionally drinking coffee in cafes or hanging around bars in the late afternoon, become more visible and more aggressive with night-fall. Some walk the streets, stand on streetcorners, or saunter along in front of cheap hotels. Others frequent bars and amusement parlors looking for customers. I met Judy (P) in front of a hotel. It was a slow evening and she was cold. So she accepted my invitation to go have a drink. We talked: not about her but about life, drugs, and women. Women, it developed, was a subject about which Judy had done a great deal of thinking.

"In this society women are nothing but a commodity. You buy and sell them for their sex and discard them when their sex runs out. I sell my sex openly. Most women hide the sale behind a marriage license."

The really profitable prostitution did not take place on the streets or in front of hotels. "The better girls work in houses or apartment buildings. When I'm clean [not on drugs] I can work in those places too, but lately I've been too strung out to make my way up the hill."

Prostitution is widespread and comes in an array of packages. Streetwalkers concentrate near the pockets of vice. Higher-class prostitution is located in whorehouses "up on the hill" and in apartment houses located in more respectable parts of the city where call girls live and work. In recent years body-paint and massage parlors have emerged as fronts for prostitution. Judging from the ever-increasing number of prostitutes and customers, apparently it is a

myth that with the liberalized sexual mores of the time, "amateur competition" is driving the professionals from the job.

In Seattle of the 1960s there were at least ten whorehouses in the tradition of New Orleans, at least one of which had a madam that would make Sam Goldwyn envious. She was large, full-breasted, aristocratic in bearing, with a voice soft and cultured. The house was red-carpeted. At one time the madam was protected by a high-ranking police officer who was one of her closest friends and came to see her through a back door that no one else used.

Another part of the night scene were the high-stakes poker games that began around midnight. These games were not so visible as the small-stakes games in the back-rooms of the amusement houses. A few dollars of illegal gambling money across a table is one thing, but when fifty to a hundred thousand dollars changes hands every night, players and managers become more discreet. To play high stakes necessitates making contact with someone who can get you in. Out-of-town businessmen staying in expensive hotels can find the games through hotel porters, desk clerks, or taxi-cab drivers, all of whom receive a small compensation (ten or twenty dollars) for steering customers to the games. Others must make contact with the right connections.

After hearing of the high-stakes games and gaining confidence that I could play stud poker without losing my shirt, I asked the cardroom manager, with whom I had often talked, if he could get me into a "bigger game." One night as I was leaving he suggested that I stay a while longer. At 1:00 A.M. he closed up. I waited for him to count the money in the cash register and lock it in the safe. We then went up the street to an office building which was

kitty-corner from the police station. There, on the second floor in an otherwise empty room, was a card table. Soon there were six players (including myself) sitting at the table playing a pot-limit game. It was "a sweaty experience," as the cardroom manager would say. Most bets were for more money than I was carrying and every bet was more than I could afford. We played five-card stud.

On the first hand I was dealt cards that were both lower than the card showing in the hand of the player immediately to my right. I had to play very cautiously because the pot and each bet could skyrocket. If it went too high too fast, I would have to drop simply because I would not have enough cash to cover the bet. With pot-limit poker each bet can be as high as the total amount of money in the pot. Since there were six players, and we were anteing five dollars each, the first bet could be as high as thirty dollars. If everyone stayed, then the next bet (on the third of five cards) could go to $\$30 + (6 \times \$30)$, or $\$210$.

Being lower than the other players, I dropped. This round of betting did not get too high so I was encouraged. In the next round of cards I again had a low pair to begin, so I dropped again. The next round was critical for me. I had come with limited cash. I could neither afford to continue dropping (at five dollars each time) nor afford to play in a hand where the betting was extremely high. I had to calculate both the chance of winning and the chance of betting when others would not.

On the third hand I was dealt a pair of aces. This meant that I was probably going to win the pot if I could keep others from betting too high. I bet high with the ace of hearts showing, and, as I hoped it would, this scared away three of the other players. On the next card I bet high again and the other two dropped out. This gave me a small cushion for playing. The gods of sociology were smiling on me.

The rest of the evening I won and lost various pots; I selected those that I thought would not attract the high rollers and played cautiously. By the end of the evening I was a winner; and, in fact, I was able to finance other poker playing with the winnings from that first night.

The game broke up early—five-thirty in the morning. I had left a few minutes earlier and stood on the corner when the other players drifted downstairs. The man who ran the game and who took the cut for the house told me it had been a bad night, with only a thousand dollars for the house.

Tip's, its customers, managers, and waitresses are bland compared to the more intrigue-, violence-, and profit-infested cardrooms and gambling dens. The New Caledonia Bridge Club was located at 611 Union Street, above Bob's Chili Parlor. The front for this operation was a social club where people could gather to play bridge. Some people actually did play bridge—for money, with the owner taking a share of the stakes. Others played poker, and pan, and some shot dice. During a dice game on April 2, 1968, Robert Kevo, a well-known local gambler, was shot and killed. The person who shot him was agitated, according to observers, because he had been waiting too long for a seat at the table and Kevo refused to give up his seat.

Six-eleven Park Avenue was the home of a cardroom and high-stakes poker games. It was rumored that the man who ran this cardroom also worked as an enforcer when someone who owed some of the gamblers or loan sharks money needed persuading. It was said he could break a man's legs more efficiently than he could cut a deck of cards. And he was very adept at card cutting.

Cardrooms, bridge clubs, chili parlors, and restaurants were also the scene of other illegal enterprises: the distribution of drugs, the handling of stolen merchandise, the ac-

quisition of illegal liquor (where taxes had been circumvented, for example), and the arranging of illegal, high-interest loans. People who ran some of these establishments were also called upon from time to time to serve as collecting agents for outstanding loans; steerers to put people in touch with gambling, prostitution, and drugs; and, last but not least, handmaidens to those above them who needed special jobs done.

During my night sojourns I saw the skid-row scene repeated over and over again in various pockets of the city. The black ghetto had its own versions, while the Japanese, Chinese, and Filipino communities had theirs. The management shifts, the games vary, and the sex differs, but the formula is the same: money for crime.

On Capitol Hill in the black ghetto, one of the oldest established whorehouses in the country was still flourishing in the mid 1970s. The owner and manager had been arrested for procuring, dealing in drugs, having gambling on his premises, white slavery, and a host of other offenses. He has yet to be convicted of anything.

In the Filipino community a prominent man in the rackets is a good old American success story. He came to Seattle in the 1930s when, I am told, police had an undeclared racist war against the Filipinos.

"If you were a Filipino youth it was worth a night in jail to simply be standing on the corner or walking slowly down the street."

Shortly after arriving in Seattle, he saw an opportunity to help his fellow Filipinos and, incidentally, to make a profit from benevolence. He established the Filipino Community Club (P). The club provided a place for Filipino men to come in out of the rain. It kept them from the visibility of police and the arrests that attended that visibility. It gave them a place to while away the endless hours of unem-

plovment in a community which, because of its historical roots in the importation of male-only labor immigrants, was populated by few women. The owner installed card games and served as the community's principal informal and illegal moneylender. The card games were supplemented by various forms of lottery and numbers rackets modified to resemble similar games from the Filipinos' homeland.

All of these innovations pleased not only the owner and his customers but the police as well. Having Filipinos off the street meant less trouble for the police. Having a reliable associate who would, if need be, provide the police with information about troublemakers or, more specifically, someone who had committed an unsolved crime made their work easier and more efficient. Furthermore, the police shared the profits from The Community Club, which paid them off regularly and handsomely for the privilege of remaining open and doing business.

The Filipino Community Club thrived; the police payments increased. In time, dealing in drugs and women augmented everyone's income. In addition there were contributions to various politicians' campaign expenses and some influence over the Filipino vote.

People working out of the club ran a nice little usury business on the side. Filipino immigrants arrived impoverished. They were provided room and board for a few weeks and given enough cash to get started. When seasonal work came, the loan sharks would be paid back at eighty- and ninety-percent interest. The same system could be used, with carefully chosen customers, to enable people out of cash to gamble in the social club—with loans made at high illegal interest rates.

Many of the men in the Filipino community work summers in the canneries of Alaska and are unemployed the remainder of the year. With an accumulation of surplus

capital some enterprising capitalists came to invest in usury. Seasonal workers were loaned money in the spring, when last summer's earnings were running out. They paid back the loans with their first month's pay. These were high-risk loans which led to the creation of a "collection agency" which employed people to convince debtors it was time to repay the loan or have their legs broken.

There are large profits to be had from the poor and the occasionally employed, but the lifeblood of high-stakes gambling and usury is the money spent by members of "respectable" society, particularly people whose incomes can be concealed from the Internal Revenue Service: medical doctors, dentists, and lawyers, whose fees can be readily hidden. For them, gambling with money they do not have to claim on their income-tax return is gambling with money most of which they would otherwise have to pay in taxes.

A frequent participant in the high-stakes games whom I had noticed losing substantial sums of money on several occasions explained it to me this way: "I can afford these games because I'm only betting ten or fifteen percent of what I actually wager. I have a large income but one which I can hide from the Revenue people by taking my fees in cash or in personal checks. If I report all my income I would have to pay eighty to ninety percent in taxes of everything I earn over sixty thousand dollars. So, say I end the year with twenty-five thousand dollars in unreported income. If I spend it on houses or vacations, they could establish that I was living better than my reported income would allow and thus hold me liable. But if I gamble with it there's none to know. So when I bet a thousand dollars I'm really only betting one or two hundred. If I should win a large sum in a year, then I could even report that as income, pay the eighty to ninety percent and still come out

ahead. Meanwhile I have a really good trip because I love to play poker for high stakes. And I can always tell my wife I'm on night duty at the hospital. She stopped checking on me years ago."

Another frequent player supported this viewpoint. A lawyer who lost and won large sums said succinctly: "There may be better tax dodges than gambling, but no other way is half so much fun."

Poker games go on all over the city in hotel rooms, office buildings, and fraternal organizations. In the middle-class neighborhoods, card games flourish at the Elks Club, the American Legion, the Moose lodge and the city's leading country clubs. These games are organized by some of the same people who own and run the cardrooms in skid row. They are different in significant ways, however; the players are mostly upper-middle and upper class; and the amount of money bet is infinitely greater than what can be seen at Tip's' open tables.

Recently a national survey on gambling showed that the average amount of money spent gambling in the United States by a representative group of people was thirty dollars a year. Although this figure may be an accurate estimate of the average, it clearly does not tap the amount spent by those who seek and find gambling. For not only were these high-stakes games well attended, but the local fraternal organizations all contracted out to the high-stakes games for them to provide "fun nights" for club members.

Fun nights were ostensibly limited to members only, but in most instances one could obtain a temporary membership, good for the one night, by paying two dollars at the door. On such nights the club or house where the event was held looked startlingly like a Las Vegas casino. There were roulette, dice, cards of all kinds, blackjack, cocktail waitresses, and, in adjoining rooms, skinflicks and live strip-tease.

For the really wealthy who are reluctant or unable to venture to skid row, high-stakes games were available in surroundings more amenable. In the better hotels the bellboys and desk clerks served as steerers to get wealthy, out-of-town people into high-stakes games that were often located in the hotel where they were registered.

Or, for those who knew the city there were amusement parlors and there were *amusement* parlors. The two most famous clubs in the downtown area, The Ram and The Turf, were scenes of high-class games where lovely women entertained customers with smiles and promises. There were games where contact could be made for sex, drugs, or whatever the customer wanted. And in the backrooms telephones rang often but the conversations were short. Bookmaking operations of considerable magnitude were conducted in these high-class amusement centers.

Here the customers all wore business suits or flashy sportcoats. Many were from out of town. Conventions that bring thousands of people a year to the city bring millions of dollars to the gambling tables, thousands of dollars to prostitution, and an inestimable amount of money for drugs, liquor, usury, and other illegal businesses.

Winter set in. Tourism declined, and the size of the pots in the high-stakes games grew smaller. It was a good time to spend talking instead of observing. It was also time to find some people who were deeply involved in the rackets. These people could tell me how it all worked so smoothly with so many different facets apparently coordinated into a workable enterprise. Thus I began searching for those in the know who were willing to talk.

CHAPTER TWO

Being in the Business of Vice

THE MAJOR customers of both legitimate and illegitimate businesses are people whose incomes come from the other. That is why it is not so difficult to discover the business of vice in a city. If it were too well hidden, the customers would not be able to find it. But what can be observed and played is only a fragment of the picture. Understanding requires getting behind the scenes, into the boardrooms of management. That is not quite so easy.

Drinking beer, playing poker, buying meals, and sharing bottles of wine with cardroom managers, bartenders, professional thieves, prostitutes, and others involved in the rackets gave me valuable insight into the day-to-day workings of vice. The mysteries were, however, greater than the discoveries at this point. For I knew that somewhere there had to be people who coordinated the various activities. People who skimmed the profits and provided protection from law enforcement. Somehow the machines had to be manufactured, serviced, distributed, and the profits

counted. There had to be some sort of an organization and the police had to be cooperating by not enforcing the law.

The puzzle only became more complex as the extent of vice in the city became more apparent. I learned of huge drug transactions and rings of professional thieves and cooperation between union officials and state politicians to sell truckloads of stolen liquor to the state liquor board. I was consistently met with stories about police payoffs and corrupt politicians who reaped huge profits from various rackets in Seattle.

For several months I interviewed everyone I could in an informal, casual way. I had hints and inferences but nothing substantial enough to answer my question. I decided that a new strategy was called for. I had to break the logjam of an endless amount of information on particular games and types of criminality but nothing substantial on how it was organized and by whom, if in fact it was.

I decided to play my trump card.

I asked the manager of the cardroom where I usually played to go to lunch with me. I took him to the faculty club at the University of Washington. This time when he saw me I was shaven and wore a shirt and tie. I told him of my "purely scientific" interests and experience and, as best I could, why I had deceived him earlier. He agreed to help and began by putting me in touch with Charlie MacDaniel (P), an energetic, fast-talking, overly curt, ex-professional boxer.

Charlie MacDaniel once owned a restaurant in the downtown section of the city. The restaurant had a cardroom attached to it and was, before Charlie bought it, the location of one of the oldest established bookmaking operations in the city. His experience with the business he purchased is an excellent example of how the vices are organized.

Before moving to Seattle, Charlie had accumulated considerable capital from selling a restaurant he had operated in a small town just north of the city. The restaurant was a converted sailing vessel in the harbor, and for a fairly high price people had the privilege of eating their meals on the deck of what once was a ship that carried merchandise from China to the United States in the 1800s.

It was a very profitable venture for Charlie. And when a group of businessmen offered to buy him out for a price substantially above what he had invested in the enterprise, Charlie decided it was time to sell. With over eighty thousand dollars in the bank Charlie began looking around for an opportunity to invest his money elsewhere. He was attracted by an advertisement in Seattle's leading newspaper: "Excellent investment opportunity for someone with \$50,000 cash to purchase the good will and equipment of a long established restaurant in downtown area. . . ."

Charlie made the necessary inquiries, checked the books with an accountant, and decided to purchase the business. He thought he was buying the business from a Robert Battaglia. In fact, Battaglia was only the front man for a group of people who owned a number of businesses specializing in high-stakes poker games, prostitution, and bookmaking. These people, the real owners of the building and restaurant Charlie had purchased, had had to sell their business when they were indicted in Oregon by a grand jury investigating organized crime.

These things Charlie did not know when he purchased the business. He began very soon, however, to realize that the business carried with it more complications than he had anticipated. Shortly after the purchase Battaglia called on him. Charlie recalled, "We had just completed taking the inventory of [the restaurant]. I was then handed the thirty-thousand-dollar keys of the premises by Mr. Battaglia, and

he approached me and said, 'Up until now, I have never discussed with you the fact that we run a bookmaking operation here, and that we did not sell this to you; however, if you wish to have this operation continue here, you must place another five thousand dollars with us, and we will count you in. Now, if you do not buy it, we will put out the bookmaking operation, and you will go broke.' 'In other words,' Mr. Battaglia continued, 'we will use you, and you need us.' I told Mr. Battaglia that I did not come to this town to bookmake or to operate any form of rackets, and I assumed that I had purchased a legitimate business. Mr. Battaglia said, 'You have purchased a legitimate business; however, you must have the bookmaking operation in order to survive.' I promptly kicked him out of the place."

The question of how "legitimate" the business was that MacDaniel had purchased was not as simple as he thought. It was, to be sure, a licensed operation. There was a license to operate the restaurant, and a license to operate the cigar stand (where a bookmaking operation had taken place before MacDaniel bought the place). Although providing a "legitimate business," these licenses had the effect of making the owner of the business constantly in violation of the law, for the laws were so constructed that no one could possibly operate a legitimate business legally. Thus, Charlie MacDaniel had unknowingly purchased an enterprise that was inevitably vulnerable to harassment and even closure by the authorities if he failed to cooperate with the law.

The cardroom attached to the restaurant was the most flagrant example of a licensed operation that was of necessity run illegally. The city of Seattle had adopted by administrative fiat a "tolerance policy" toward gambling. This tolerance policy consisted of permitting cardrooms such as Charlie's, pinball machines, bingo and panorama shows to be licensed by the city. The policy allowed a maximum

one-dollar bet at the card table in rooms such as those in MacDaniel's restaurant.

The tolerance policy was in clear and open violation of state law. Section 9.47.010 explicitly states:

Conducting gambling. Every person who shall open, conduct, carry on or operate, whether as owner, manager, agent, dealer, clerk, or employee, and whether for hire or not, any gambling game or game of chance, played with cards, dice, or any other device, or any scheme or device whereby any money or property or any representative of either, may be bet, wagered or hazarded upon any chance, or any uncertain or contingent event, shall be a common gambler, and shall be punished by imprisonment in the state penitentiary for not more than five years.

This general illegality of the cardroom was not, however, easily enforceable against any one person running a cardroom without enforcement against all persons running cardrooms. There were wrinkles in the tolerance policy which made it possible discriminately to close down one cardroom without being forced to take action against all of them. This was accomplished in part by the limit of one dollar on a bet. The cardroom was allowed to take a certain percentage of the pot from each game, but the number of people playing and the percentage permitted did not allow one to make a profit if the table limit remained at one dollar on a bet. Furthermore, since most people gambling wanted to bet more, they would not patronize a cardroom that insisted on the one-dollar limit. MacDaniel, like all other cardroom operators, allowed a two-to-five-dollar limit. Thus the policy was such that in reality everyone would be in violation of it. It was, therefore, possible for the police to harass or close down whatever cardrooms they chose.

The health and fire regulations of the city were also written in such a way that no one could comply with all the

ordinances. It was impossible to serve meals and avoid violation of the health standards. Thus, when the health and fire departments chose to enforce the rules, they could do so selectively against whatever business they chose.

The same set of circumstances governed the cabaret licenses in the city. The city ordinances required that every cabaret have a restaurant attached; the restaurant, the ordinance stated, had to constitute at least 75 percent of the total floor space of the cabaret and restaurant combined. Since there was a much higher demand for cabarets than restaurants in the central section of the city, cabaret owners were bound by law to have restaurants attached, some of which would necessarily lose money. Moreover, these restaurants had to be extremely large in order to constitute 75 percent of the total floor space. For a one-hundred-square-foot cabaret, an attached three-hundred-square-foot restaurant was required. The cabaret owners' burden was further increased by an ordinance governing the use of entertainers in the cabaret. It required that any entertainer be at least twenty-five feet from the nearest customer during her act. Plainly, the cabaret had to be absolutely gigantic to accommodate any customer, after a twenty-five-foot buffer zone encircled the entertainer. Combined with the requirement that this now very large cabaret had to have attached to it a restaurant three times larger, the regulatory scheme simply made it impossible to run a cabaret legally.

In effect, such ordinances gave the police and the prosecuting attorney complete discretion to choose who should operate gambling rooms, cabarets, and restaurants. This discretion was used to force payoffs to the police.

MacDaniel discovered the payoff system fairly early in his venture

I found shortages that were occurring in the bar and asked an employee to explain them, which he did. The money is

saved to pay the 'juice' of the place." I asked him about the "juice." He said in this city you must "pay to stay." Mr. Davis said, "You pay for the bagman (from the police department) two hundred and fifty dollars per month. That takes care of the various shifts, and you must pay the upper brass also two hundred dollars each month. A bagman collects around the first of each month, and another man collects for the upper brass. You get the privilege to stay in business, that is true. However, you must remember that it is not what they will do for you, but what they will do to you, if you don't make these payoffs as are ordered. "If I refuse, what then?" I asked. "The *least* that could happen to you is you will lose your business."

During the next three months Charlie made the payoffs required. He refused, however, to allow the bookmaking operation back in the building or to hire persons to run the cardroom and bar recommended to him by the police or by the people from whom Charlie had purchased the business. He also fired one employee whom he found taking bets while tending bar.

In April of the same year a man Charlie had known before buying the restaurant came to Charlie's office:

Mr. O'Keefe met with me in my office and he came prepared to offer me five hundred dollars per month—in cash deductions—of my remaining balance of the contract owing against (the restaurant) if I would give him the bookmaking operation, and he would guarantee me another eight hundred dollars a month more business. He warned me that if he wanted to give my establishment trouble, he would go to a certain faction of the police department; if he wanted me open, he would go to another faction. "Do some thinking on the subject, and I will be in on Monday for your answer." Monday I gave Mr. O'Keefe his answer. The answer was, "No."

In June of nineteen hundred and sixty, a man by the name of Joe (Gaspip) Gasparovich, who I found later was a second-string gang member of Mr. Battaglia's, made application to me to operate my cardroom. I did give him the opportunity to operate the cardroom because I had known him some twenty years ago when he was attending the same high school that I was. After I had refused the offer of Mr. O'Keefe, Mr. Joe Gasparovich had received orders from Mr. O'Keefe and Mr. Battaglia to run my customers out and, in any way he could, cripple my operation to bring me to terms. I terminated Mr. Gasparovich on November sixth, nineteen hundred and sixty, and shortly after, after I had removed Mr. Gasparovich, Police Officer Lyle J. LaPointe said that I had better reappoint Mr. Gasparovich in my cardroom, that his superiors were not happy with me. If I did not return Mr. Gasparovich to his former position, then it would be necessary to clear anyone that I wanted to replace Mr. Gasparovich with. Officer LaPointe felt that no one else would be acceptable. He further stated I had better make a decision soon, because he would not allow the cardroom to run without an approved boss. I informed Officer LaPointe that I would employ anyone I chose in my cardroom or in any other department. Officer LaPointe said, "Mr. MacDaniel, I think you do not realize how powerful a force you will be fighting or how deep in City Hall the money goes." I did not return Mr. Gasparovich, as I was ordered by Officer LaPointe, and I did select my own cardroom bosses.

On November seventh, nineteen hundred and sixty, I received a phone call stating that I soon would have a visitor who was going to shoot me between the eyes if I did not comply with the demands to return Mr. Gasparovich to his former position. . . .

No one shot Charlie between the eyes. However, the state liquor inspector came and found Charlie in violation

of the liquor laws for serving alcohol to someone who was inebriated. The liquor board asked the city council to revoke his license. The city council licensing committee unanimously voted to comply with the board's request. Charlie appealed to the city council through an attorney. His license was reinstated, but for a month he was out of the liquor business and losing money.

Subsequently MacDaniel had a string of visitors. First came a teamster who intimidated the customers in Charlie's bar and tried to pick a fight with him.

"I've got a quick temper," Charlie said, "and I came out from behind the bar, and, even though he was twice my size—I used to be a professional boxer when I was young and I'm still pretty strong—I threw him out of the bar." The next morning when Charlie opened his restaurant he was welcomed by gaping holes in the front windows of his building. "Vandals" had attacked. A police department memo dated October 18, 1960, said this about the event:

Intra-Department Communication
Seattle Police Department

From: D. B. Packard
To: Capt. E. T. Corning
Subject: Vandalism at "Bats" on 1st Avenue

This is a copy of the notice which has been posted in the window of "Bats." Officer Wenger reports that the window was broken this A.M. when he came to work and that other acts of vandalism have been committed at this address as, (he believes) a result of said notice being posted. He is making a major. Inspector Porter* is acquainted with this case also.

*Inspector Porter later became King County sheriff.

The “notice” referred to in this police department memo was a statement Charlie posted in his window telling of police harassment and shakedowns that were damaging his business and his “good reputation.”

Following the broken windows and other acts of vandalism, Charlie was visited almost daily by inspectors from the fire department, the health department, and the state liquor board. Fire inspectors came to inspect all his equipment: stoves, fire extinguishers, gas and electrical outlets—at exactly twelve noon when the restaurant was full of customers. The inspections lasted “a good hour” and made it impossible for his customers to be served in a reasonable amount of time. Health inspectors chose the dinner rush hour to arrive for their inspection. They insisted that all the pots and pans in the kitchen be emptied so they could inspect them. Stoves had to be moved to check for dirt and uncleanness. This too had the effect of running customers away.

Members of the Teamsters Union as well as other people Charlie identified as being associated with gambling and other rackets in the city came into his restaurant, bar, and cardrooms and began starting fights. Meanwhile shortages from the bar and restaurant were increasing. Finally, as if to punctuate the last gasp of the dying business, policemen, like pallbearers, came and stood around the cardroom and bar. The net effect, as Charlie put it, was: “No one likes to play poker with a cop standing over his shoulder. And, of course, if I enforced the one-dollar limit the customers would simply disappear.”

Disappear they did.

Ready for a compromise after losing substantial sums of money during the six months in which he was subjected to this pressure, Charlie called and offered to sell the place to Battaglia for the price he had offered six months earlier.

Battaglia informed him that the price had changed. Now he would pay twenty thousand dollars for the entire business and equipment. This was forty thousand dollars less than Charlie had paid originally. Charlie held out for six months, then finally sold at a loss of all his capital. On selling, he placed the following notice in the window of his business:

NOTICE

DEAR PATRONS:

THANK YOU FOR YOUR PATRONAGE FOR THE PAST
3 YEARS:

THIS RESTAURANT HAS BEEN FORCED TO CLOSE BECAUSE I REFUSED TO JOIN THE GAMBLING SYNDICATE AND I REFUSED TO BE FORCED INTO FURTHER PAYMENTS OF EXTORTION MONIES TO THE PROTECTION RACKET WHOSE ENFORCERS ARE CERTAIN MEMBERS OF THE POLICE FORCE.

I HAVE ISSUED A PUBLIC CHALLENGE TO THOSE WHOM I HAVE ACCUSED OF THESE ATROCITIES—TO A TEST OF TRUTH—A TEST THEY DARE NOT TAKE—A LIE DETECTOR TEST. I HAVE AGREED TO TAKE SUCH A TEST, THE GREAT WHITE CHIEF AND THE LORD HIGH MAYOR HAVE NOT ACCEPTED, THEY DARE NOT ACCEPT.

SINCERELY YOURS

Charlie decided to spend some of his remaining money and much of his energy exposing the corruption. He hired an attorney and spent many hours gathering information and affidavits from people. He also held a news conference in which he harangued the media, politicians, and police. The official response of the police and politicians was to

classify him as a “paranoid” who had lost contact with the world. This depiction worked fairly well: the newspapers stayed away from his press conference and no one printed what he had to say. Even the affidavits were dismissed as being irrelevant.

After selling his restaurant Charlie returned to his former home and began developing some land he owned there. He sold lots to people for houses and cottages. He also built a water system for the area and provided water and sewage for a monthly charge.

In the spring of 1962 a man came and bought some of Charlie’s lots. The man claimed to be a lathe contractor but he never worked. He built a forty-five thousand dollar house and spent all his time wandering around the neighborhood talking to people who lived in the area. He systematically went to the other landowners and told them that MacDaniel was robbing them blind by overcharging them for the water and sewage system. In time the people in the community organized to force Charlie to relinquish his ownership of the utilities. Charlie reported that “since this was my only source of profit from the enterprise, I couldn’t let this happen.”

A lengthy court battle ensued, with Stanley (P), the unemployed “lathe contractor,” supplying most of the funds and spearheading the attack.

There were harsh words between Stanley and MacDaniel on several occasions. One day Charlie went to his land and found that an expensive piece of bulldozing machinery had been driven off a cliff. He was told that evening by Stanley that “accidents happen to people who push the wrong people around,” though at that point, according to Charlie, no one in the area except the police should have known about the equipment being damaged.

Several weeks later Charlie was working at the marina

adjoining his property when Stanley and his son came to the top of the cliff overlooking the marina:

He came down to where I was working in the marina and it was he and his boy. This is to make it short. There was more to it than this. He was throwing rocks down on me, see, he and his boy. He had a baseball bat and he was hitting some and he was throwing others and I was getting out of there and I went up to get in my truck to get out of there and he met me at the back of the truck and said he was going to bash my head in with the bat. He had a boy about seventeen. So, then I was scared. I don't care what anybody said. I had no witness; I had nothing there. But a car had just drove up about that time and it happened to be two friends of his. I think this was not planned, just something that accidentally happened. It's the little things that throw us off, not the big things. And I could see that he was going to set up the thing to try to kill me. Well, when these people drove up, they said, "Come on, let's go up to the house." I hadn't said any words at all to this fellow at this time. I hadn't said nothing at all; just watching them. Every time you are in a fight you watch the other fellow's eyes, you know. I always do, anyway, to see what kind of move he's going to make. He said, "Just a minute. I'm gonna bash this son of a bitch's head in." And he turned around and poked me with his bat and at the same time his boy said, "I want to get in on this, too." So when he poked me with this bat, I shot him. I had a little Derringer twenty-two, you know, and I didn't think I even hit him, you know, 'cause he just stood there with very little expression; but I hit right, just through the meat up here. I didn't hit his heart. It was just lucky. I didn't want to kill him anyway. I just wanted to stop him. And so he backed up about six or seven paces and he turned to those people and he says, "I want you to witness he shot first," and he pulls out a thirty-eight and he shot at me. I dove in back of the truck and moved up around the truck and he shot through the fender and the next shot, he shot through the windshield. And here I was. They say I laid

down on the ground, you know, and they grabbed me and of course, I spent four days in the klunk while the sheriff was investigating but they didn't put him in the klunk, the blink you know. But this I couldn't understand. I had been out there for twenty years, you know. It has been my residence for twenty years and never been arrested for anything like this at all, speeding, you know. But nothing else. No thefts, no assaults, you know, nothing like that. And so then they let me out on bail, one thousand, five hundred dollars' bail. They indicted him and me on a second-degree assault charge, but he didn't have to go to jail. He was free all the time, and they let him know ahead of time what his bail was going to be so he had all the privileges that are afforded to a visiting king. So I got started on this thing because they don't usually do that. As a rule, the sheriff will take both parties in, put them in jail and sift the facts. They will say, "Well what happened here?" But they didn't do it in this case, and of course, this is very irritating and very aggravating. So this is the first of the tourist season and I didn't have any time to do any investigation. The attorney was out of town at this particular time, when they set the bail. During the summertime they sneaked a hearing for him, and he was absolved of these second degree charges. Now my attorney didn't know anything about this. I called him up when I heard a rumble. I got people who come around and tell me these things when they find out something. Now, I says, "The fellow says there was some sort of justice court action pertaining to the case up there." He didn't know what it was: it was all silent. There hadn't been one word out, nothing and so I called him up and said, "I want some information." He said, "There's nothing: nothing has happened at all." So I started my investigation a week after, pertaining to the whole case in general about these people, and I went up to the area they were from just before they came down here, and I found that he was working with Twitchell in the south end patrol group. Twitchell was the one who was indicted, convicted, of the prostitution ring.

Eventually Charlie was acquitted and the case dropped. However, he continued to receive phone calls telling him that he would be killed if he didn't move out of the state. He "ran scared for about a year," then decided he had had enough. Charlie MacDaniel moved to a small town out of state and purchased a small cafe. Several years later I spent a weekend with him there. He was living on an income that was only a small percentage of what he had when he purchased the restaurant with the cardroom; he was a man broken economically and spiritually. At night he locked his doors and would not venture out into the street. He thought he might have to move again because he was convinced that "they" had traced him to Arizona. When some youths broke his windows one night, he thought it was "them" trying to intimidate him.

The half a hundred other restaurant operators who had cardrooms, pinballs, and bookmaking operations in Seattle were more cooperative. They hired the cardroom managers recommended by the police or by "the syndicate." They permitted the bookmaking operations, and they settled for a small profit from the pinballs. They also paid off the right people.

Charlie's payoff, probably because he was difficult to deal with, was less than what most operators would have had to pay for such a prime location. His payoff totaled four hundred and fifty dollars a month. Similar establishments with comparable business were paying as high as eight hundred a month, in two separate payments.

In 1968 there were fifty-one licensed cardrooms in Seattle. Federal records showed that Seattle had more gambling licenses issued than any city in the United States outside of Nevada. The fifty-one cardrooms were twenty-five fewer than, the city records showed, had existed at the peak of the cardroom craze four years earlier. These fifty-one cardrooms were owned mainly by independent businessmen.

most of whom were first and foremost *not* gamblers but restaurant-owners like Charlie. Some of the cardrooms, in fact the largest ones, were owned and run by professional gamblers or by a group specializing in illegal businesses. But for most cardroom owners the cardrooms, panorama, pinball, and bookmaking operations were sidelines whose profits went mainly to other people. A restaurant with ten pinball machines which grossed over one hundred thousand dollars from the machines received less than 5 percent from this gross. Similar reimbursements came from panorama, and only a slightly higher net profit went to the owner from cardrooms. From the businessman's point of view, the illegal games and enterprises were an attraction that brought in customers for the restaurant business. In some cases the illegal enterprises were merely tolerated to keep police and fire and health inspectors from harassing him. This was in reality a highly sophisticated protection system.

Charlie's story and his experiences opened up a new perspective on vice in Seattle. For the first time it became clear that the best way to view the rackets was not as "crime" in a conventional way but as an industry. But who ran the industry? If not the cardroom owners, then who reaped the profits?

To answer these questions, I let it be known to everyone I could that I was interested in studying the entire system of payoffs and political intrigue connected with the rackets. I asked Charlie, as well as all of the other contacts I had previously made, to have anyone and everyone who was interested in talking about such matters to get in touch with me.

Soon I began receiving telephone calls: "I understand you are interested in the police. Did you ever think to look into ——'s investments in Mexico?"

A surprisingly large number of people called and asked

to meet me. One caller insisted that we meet in an abandoned warehouse down at the docks. It was a scary experience, but one that proved invaluable. This man had been part of the police payoff system for over twenty years. Not only was he able to tell me what was happening in the 1960s, he also provided insight into the political history of the rackets in Seattle.

The next several months were taken up with meetings and interviews with people "in the know." At first I asked if I could record the interviews on a tape recorder I carried with me. Although I was usually told that this would be all right, I realized that it stifled spontaneity and so I stopped. Still, I was losing a great deal of detail, and detail was what I needed most. My sources of information now were people who to a greater or lesser degree were aware of the support systems in the city that were perpetrating and maintaining illegal businesses. It was my aim to piece together from their information the organization of the vice industry. What became increasingly clear, as I developed more and more information, was the fact that, while some people were incredibly knowledgeable about certain aspects of the rackets, no one really understood how it all fit together. Not even those who sat at the very top as major financiers, profiteers, and manipulators in the enterprise knew.

To piece it together, however, required an almost endless amount of sifting through interviews. It was a formidable task and one made more difficult by my having to rely solely on notes usually taken after the interview had terminated. I decided to tape the interviews without the interviewees' knowledge. This was obviously dangerous and ethically offensive. The tape recorder I used was a brief case, but there was danger that it might break or develop a mechanical problem that would reveal that the interview was being taped. Some of the people being interviewed would have

gotten violent had this happened. I decided to take the risk and hoped I could fast talk my way out of any difficulty if worse came to worst. The ethical problem was more difficult. I resolved it, to my satisfaction, this way: At the end of every interview I informed the person to whom I had been talking that I had taped our conversation. I removed the tape from the recorder and handed it to him or her. I explained that I would use the tape only for scientific research. No one but me would ever hear the tapes or see the transcripts. In anything I wrote I would do everything possible to conceal their identity. But if they wanted to take the tape and destroy it they were free to do so. In all but one instance the tape was handed back to me, and I was able to use it. In the one case where I could not have the tape back, a man had described a murder he had committed.

The central question that emerged from the interviews and conversations that occupied the next several years was exactly who was supporting, financing, and profiting from the business of vice.

CHAPTER THREE

Profits and Payoffs

BOB WILLIAMS (P) was only nineteen years old when he was arrested in the black neighborhood that was his turf. He was only nineteen when he was beaten to death in a jail while in the custody of the police. Like many other nineteen-year-old black youths, Bob Williams, judged by white middle-class standards, was sophisticated beyond his years. He knew how to turn a honky around, how to survive in what he called “the jungle,” and how to buy cheap, sell dear, especially when he was buying and selling dope.

“I’m an independent. Some of these guys have all kinds of strings on ‘em. Not me, man. I’m my own boss. Ain’t nobody gonna pull me around by the nose.”

According to a police sergeant on duty the night Bob Williams was taken in, “We had been watching Williams for some time. We knew he was heavily implicated in the narcotics traffic and we were just waiting for our chance. An informant told us he would have a lot of the shit on him that Friday so we picked him up.”

Williams was arrested “on suspicion.” At the time of his arrest he had over fifteen hundred dollars worth of heroin

in his possession. The heroin, like whoever beat him to death, disappeared.

According to the policemen who arrested him, Bob called them names and tried to jump out of the car. I do not know what happened between eight P.M. and midnight, but shortly after midnight Bob was brought into the emergency ward of General Hospital badly beaten and unconscious. He was released back to the police the next day at twelve noon. The same intern who had patched him up Friday evening was still on duty Saturday about four P.M. when Bob was returned to the hospital again badly beaten, this time with a concussion. The police told the intern that "inmates in the cell keep beating him up." Bob Williams died at three A.M. Monday from a brain hemorrhage caused by blows to the head.

The intern told me he believed the police had beaten him to death. The coroner listed the cause of death as "accidental." No one was ever charged with any criminal offense in connection with Bob's death.

Friday night, while Bob was in jail, a white physician who had lived in the city for a number of years drove through the black ghetto. His car weaved down the street and stopped near a corner. He took a .38 caliber revolver out of his glove compartment and began shooting into the night air. The police came, stopped him, and took him to jail. The police called his wife and she came to the jail. The doctor was released to his wife's custody. He had spent a total of forty-five minutes in custody.

On Saturday night, as Bob Williams lay dying, I played poker in a high-stakes poker game where thousands of dollars were illegally bet. A sergeant from the vice squad of the police department participated in that poker game.

Bob Williams paid a heavy price for his involvement in

the drug business. Others who made all or part of their livelihood from the drug business were more fortunate. The informant who told the police when to pick up Williams was generously supplied with heroin by the police.

Behind this tragic case lies a fundamental truth about policing in America: the small, unprotected, unconnected entrepreneur furnishes the arrests and the "crime problem" that provide a smoke screen behind which profitable, organized, politically connected groups commit more serious, more profitable, and more common crimes.

Why the enforcement of the criminal law takes this shape is quite complicated in some ways. In one sense, however, it is very simple because it all reduces to money and profits. The money flowing through the rackets is large, and the profits are doubtless the highest of any industry in the world.

Item: From 1956 to 1970 each of eleven bingo parlors grossed over \$300,000 a year. The owner of one bingo parlor netted \$240,000 a year *after* all expenses, including payoffs to police and politicians, were paid.

Item: From 1960 to 1970 there were over 3,500 pinball machines licensed in the state. These machines grossed over 7 million dollars a year. The investment necessary for purchasing and servicing the machines was miniscule. The taxes were nonexistent since all returns were in cash and could be hidden. There was one "master license" for the county. It gave one organization the right to place pinball machines in the amusement parlors, cabarets, and restaurants. This small group of businessmen, closely tied to political and law-enforcement people, had a monopoly on one of the most profitable businesses in the state.

Item: In 1968 Seattle had the highest number of federal gambling stamps issued in any state in the U.S. except Nevada.

Item: A jeweler in Seattle was a major source of short-term loans to people in the drug business. Typically he would loan large sums of cash for a short period of time and receive in return a very high interest on the money. One transaction alone involved the loan of \$220,000, with the understanding that the jeweler would receive back \$350,000 "within thirty days."

Item: A consortium of businessmen, bankers, politicians, and racketeers invested in an "amusement center" which fraudulently issued stocks and netted the six investors over \$100,000 apiece in six months on a \$10,000 investment.

Item: High-stakes poker games that went on each night in dozens of locations throughout the city had stakes bet in an evening that often exceeded \$100,000. Seven nights a week, 350 days a year, the people who organized and managed these games took away 10 percent of the pot. On a bad night for the house the management took home only \$1,000, but on good nights management grossed \$10,000, which was the rule rather than the exception.

The list could be expanded.

One of the reasons we fail to understand crime is because we put crime into a category that is separate and distinct from normal business. Much crime does not fit into a separate category. It is primarily a business activity. The fact that it is an illegal business activity is an historical accident beyond the control of those who engage in the business. But the mere fact of this historical accident does not

change the basic character of the enterprise. The place to start the analysis is with the profit structure and with the business expenses required to keep the profits coming in.

In Seattle the rackets constituted one of the largest industries in the state. Gross profits from gambling alone amounted to more than fifty million dollars a year. Of course, this is only a rough estimate pieced together from information supplied by people who ran various gambling enterprises. It is, however, consistent with an intriguing variety of information I gathered from diverse sources. The following fact should give more than casual confidence in the reliability of this figure. A recent national survey shows the U.S. adult spends an average of thirty dollars a year on gambling. Over a million people live in Seattle, and if everyone spent the average on gambling, the total would be close to forty million dollars a year. Seattle is a favorite convention and tourist city and could easily run the total amount spent on gambling up to the estimate of fifty million dollars a year.

The profits are for the most part tax free. A pinball operator told me: "At the outside, our reported income is only one-third of what we actually take in. There isn't a federal agent in the world who can tell how much I skim off the top of a pinball machine once I've gotten to the counters."

"Fun nights" at the fraternal clubs, high-stakes poker games, cardrooms, etc. contributed huge sums. Not counted were all the other illegal businesses associated with some of the same people who ran, owned, financed, or profited from gambling. They include drugs, prostitution, cabarets run illegally, real-estate transactions, illegal stock and bond transactions, and stolen liquor.

The total profits of these various illegal businesses exceeded a hundred million dollars a year in Seattle, and this placed gambling, narcotics, fraud, usury, and organized theft among the state's two or three largest industries.

Legitimate business relies on the support of the law and the courts to ensure predictability and adherence to contracts. Illegal business cannot openly “go to court” if a debtor refuses to pay a gambling debt or to make good on an agreement to purchase a large supply of narcotics. But illegal business must be able to accomplish the same end or else the risk to the capital investment will be too great. The simplest, most direct way to ensure that the investment will return its potential profits is to include as partners those whose job it is to see that the illegal acts are punished by law. That is what happened in Seattle and what happens everywhere. Politicians, law-enforcement officials, professionals (especially lawyers, accountants, bankers, and realtors), and “legitimate” businessmen become partners in the illegal industry.

If I asked any of the dozens of people who practised the arts and crafts of gambling why the police did not enforce the laws prohibiting such acts, they gave the same answer: payoffs. Payoffs gave the police “a piece of the action,” a part of the profits. And even a part of the profits was a lot of money.

At the operational level the cooperation of politicians and law enforcers takes place through the payoff. A bagman collects an established payment from every enterprise engaged in illegal business. Cardroom operators were surprisingly consistent in their reports of how much they paid off. The large operators paid \$350 a month to the police and \$300 a month to “the syndicate.” Smaller operators paid \$250 a month. Bingo parlor operators, “social club” owners, and gamblers in the Chinese, Japanese, and black ghettos paid less. The amount depended on the size of the operation and the amount of protection received.

Fred Lindesmith (P), a seventy-two-year-old man dying of arterial sclerosis, was on the police force in Seattle for twenty years. He participated in the payoff system and re-

tired financially secure at age sixty-five. Fred had earned enough "extra money" as a partner in illegal business to send his two children to college with all their expenses paid. By the time he was seventy years old, however, he had grown disillusioned with the bastardization of police work he had helped to create. He was, he said, wanting to "set the record straight."

Q: Can you describe the payoff system?

A: Whoever was acting as official or unofficial treasurer would have the responsibility to see to it that the right people got their share. Skip Tower (P) did it for a while. Then Bob Furman (P) took his turn. Everyone involved got their share. When Ben Cichy was killed they sent someone out from downtown to burglarize his place. Three black dudes went out and tore up the floor looking for where he kept the monthly payoff money hidden. They left twenty thousand dollars worth of jewelry just sitting on the table. They were obviously not burglars, but people sent out from downtown. They terrorized Cichy's wife to death.

Q: Who got the money?

A: Everyone. The beat cop, the vice-squad captain, the prosecutor. Everyone. It depended on the gig. Narcotics payoffs went through the vice squad and the patrol division. Sooner or later it all went up to the top.

Q: Anyone else?

A: Of course the city council had its people with their hands out also.

Q: But how exactly . . . ?

A: Okay. It's like this. There's a bagman who collects the money from tavern owners, the cardrooms, or the whorehouses. He brings it in. He takes a small cut. Then the sergeant in charge of the division, say the vice squad, takes his cut and passes it on to the police department's bagman, who takes it on up—a piece here, a piece there. Then it goes to the assistant chief, and he takes it on to people in the prosecutor's office and sends some over to the city council. The patrol division had their own payoff system. The patrol division was required to make its payoff to the mayor's office depending on whether the particular mayor was cooperating, and they all have, *except one* in recent years. . . . And there was a separate payoff system for burglary and narcotics. Burglary was probably as big as gambling. And individual narcotics ripoffs, sporadic but very lucrative payoffs in major narcotics transactions. Thousands of dollars in a single payoff.

Q: Who to?

A: To the narcotics dicks, then to be divided right up through the chain of command to the majors and lieutenants, and the assistant chief and the city councilmen.

Q: All on the local level?

A: Yes and no. There was another line that went to the state, and the state had its own gigs. Liquor licenses and payoffs for illegal booze, stolen whiskey from the state warehouses, watered-down whiskey and all that

stuff went straight to the state. Frank Schneider (P) has for years been going between the governor's office and local payoff systems. People in the House of Representatives got theirs as well. In fact the guy who flies the payoff money to San Francisco every week is in the House of Representatives.

Q: What about different counties?

A: I'm not too sure about that setup, but it figures that they cooperated with one another—talked about how much profit there was and what each got from it. You should talk to ____ about that.

Q: You mentioned narcotics ripoffs. . . .

A: Yeah. Narcotics was really big. Even bigger than pin-balls or cardrooms. It's kind of long and involved. The police would use this guy ____ to set up narcotics dealers.

Q: Like Bob Williams?

A: Yeah. Like Bob Williams. You know what happened to him?

Q: Yeah.

A: Well, they'd set up a narc dealer and make the arrest. Then they'd confiscate his stuff and turn it over to ____, who'd sell it, and the police would get a big share of the profit. The police would also have a fat narcotics arrest record, but the heroin and pills and stuff would still get to the street. I know the names of

all those guys. I'm particularly close to the latest one who managed this operation, former lieutenant of the narcotics squad.

Q: At the state level, who do they work out of?

A: The state patrol; State Highway Patrol.

An item in the daily paper gave an indication of what happened to some of the profits. Lt. T. Ryther (P), who had been a police officer for thirteen years, died suddenly of a heart attack at age forty-one. At the time of his death he left an estate valued at \$241,786. During his thirteen years as a police officer, Ryther had lived in a large, seventy-five-thousand-dollar home, owned two fully paid for expensive automobiles, and taken vacations in Hawaii. He had never earned over twelve thousand a year in salary from the city. He had, however, earned more than twice that amount in payoffs from illegal businesses in return for the protection and cooperation he gave them.

Both the King County prosecutor and the sheriff owned expensive homes in the city's most prestigious neighborhoods. The prosecutor also owned a fifty-foot ocean-going yacht. The assistant chief of police lived in an expensive house and built another for his son in an even more expensive neighborhood. The county prosecutor also directed unknown sums of money to state and local politicians who supported his kind of politics and his kind of criminality.

Policemen told a standard joke in the department: "If you cleaned this city up, we'd all have to go on welfare 'cause none of us could live on our salary." Some of the policemen, ironically, lost a good percentage of their illegal earnings to the gamblers who were paying them off or to other police officers. Others spent large sums on whiskey and

nights in cabarets. Still others invested in businesses and left the force. One ambitious and clever young officer saved enough money in three years working on the narcotics squad to purchase a large retail store in the downtown section of the city.

In a sense the illegal businesses *were* paying taxes in the form of monthly and annual payoffs to people at all levels of law enforcement and government. It is, however, misleading to see this network of money-flow as involving only profits and payoffs. In fact, what took place was a complicated set of illegal and legal business relationships which were the flesh and bones of a network of people engaged in the systematic reaping of profits from illegal businesses.

This cartel constituted a crime network that was a subterranean organization which greatly affected, as surely as it undermined, the political economy of Seattle.

CHAPTER FOUR

The Crime Network

THERE WERE over a thousand people in Seattle who profited directly from the rackets, bootleg whiskey, organized theft and robbery, drug traffic, abortion rings, gambling, prostitution, land transactions, arson, phony stock sales, and usury. Everyone who successfully engages in these criminal activities must share the profits with *someone* or some group of people. The more regulated the criminal activities and the more successful the participants, the more systematized the profit sharing. The entire system is simply a collection of independent operators who cooperate and compete according to their ability, their power, and their interests.

Disparate as it is, widely distributed among people in different walks of life, and changing all the time, there is nonetheless a hierarchy. Some people are more important than others. In times of crisis some people have the power to make critical decisions while others do not. Not surprisingly, those who profit the most from the rackets and who also have the power to take action are the most likely to meet and discuss problems and prospects. In Seattle the

group of power-holders who controlled and set policy for the illegal business enterprises varied. Over the years the more active participants included a King County prosecutor, a Seattle city council president, an assistant chief of police, city police captains, the King County sheriff, the King County jail chief, undersheriffs, the president of the Amusement Association of Washington (who had the only master's license for pinball machines in the county), a Seattle police major, and an official of the Teamsters Union. In addition there were persons from the business and professional community who were members of the network and who in a quiet, less conspicuous way were as influential over illegal business activities as were the more visible operatives listed above. They included a leading attorney who defended network members and joined them in investments in illegal enterprises, a realtor who arranged real-estate transactions and shared investments, an officer of one of the state's leading banks, a board member of a finance company that loaned money exclusively to businesses or individuals who were either members of or under the control of the network, and various labor union officials—mostly in the Teamsters Union, but high-level officials of other labor unions were also involved from time to time.

One of the problems with determining the real power sources in an enterprise as inherently secretive and variable as a crime cartel is of course the line between active participant (or policymaker) and compliant benefactor. For example, a prosperous retail store-owner in the city often invested in and profited from illegal enterprises ranging from real-estate frauds to drug traffic. He also financed and arranged for the transportation of stolen jewelry out of the United States to Europe, where it could be recut and sold on the European market. He never set policy, never be-

came involved in the day-to-day decisions, never allowed himself even to be consulted about the handling of a particular problem within the ongoing enterprises. Yet he knew of most of the problems and could well have been influential had he cared to make his wishes known. He preferred to remain silent. His decision, he told me, was based on the "good old American tradition of self-preservation." He felt that the less he was involved in "administration," the more likely he was to remain unconnected publicly with the "seamy side of business." He acknowledged, however, that when a newspaper reported the death of a member of the network due to "accidental drowning," he knew it was no accident.

A further problem is to decide the point at which one has enough information to feel confident that the rumors and allegations being put forward as "facts" by informants match sufficiently with other data to be acceptable. The people mentioned so far were all well established in the minds of all my informants in a position to know. These people also exhibited life-styles which clearly showed incomes in excess of anything they could have had from their legal incomes. (The county prosecutor claimed publicly that his standard of living exceeded that which his salary could support because of monies his wife had inherited.)

But it was also alleged by some informants, who should have known, that the real power in the illegal business enterprises lay with high-ranking officials in state politics, a close associate in Seattle, and a former Seattle city council member. I was unable to establish the validity of these claims. In the end the consistency of informant reports convinced me that the governor was indeed a beneficiary of heavy political campaign contributions from network principals. He, like many others, benefited from the profits and left the management to others.

At one time (1963-65) it was fairly easy to identify seven people who constituted the backbone of the network. This group shifted, however, and some of the seven became less involved while some new people emerged as principals. Both composition and leadership are variable; success is determined by connections and profits. When drug trading becomes more precarious, the people involved may lose considerable influence; when cardrooms come under fire, those people whose profits or payoffs are principally in cardrooms lose their influence.

Whatever the composition, this coalition of shifting membership (but fairly constant leadership) persisted and had more to say about how the rackets were run than anyone else. It also met more or less regularly, but here too the pattern was not akin to a monthly board of directors' meeting but was more a series of meetings between key players from different walks of life. Politicians who were deeply involved in the network met regularly at their "businessmen's club" with members of the city council, the county board of supervisors, and several key businessmen who were profiting from the rackets. Law-enforcement officers met monthly with a pinball operator who was the head of the Amusement Association, an association of pinball operators which was the official lobby for the pinball machine owners. The head of the Amusement Association in turn met with other businessmen, at least one of whom was reputed to be the bagman for state politicians.

Some sense of the organized-disorganized nature of the rackets can be gleaned from a series of incidents in the mid 1960s which involved an attempt by Bill Bennett (P) to take over part of the pinball operation in the city. Bill's brother Frank was one of the prominent racketeers in town, a man generally believed to be involved in prostitution and the collection of payoffs for state officials (includ-

ing the governor) as well as the police. Bill decided that he wanted a piece of the action in the pinball business. He tried at first to demand a territory but he met with resistance. Pinballs were at the time concentrated pretty much in the hands of several people. The only master license in the county was held by the Amusement Association. As president, Ben Cichy represented not only his own interests as the major pinball operator in the state, but also the interests of other pinball operators. Ben Cichy was well protected in his position. As president of the association that looked out for the pinball interests, he met regularly with and allegedly paid substantial sums of money to politicians, to Frank Bennett (P), and to members of the police department. In addition, the Amusement Association collected from all pinball operators a monthly fee that was used to ply state and local politicians with liquor, parties, and women for favors, not the least of which were large campaign contributions to politicians who worked in the interests of pinball owners. Thus Bill Bennett was taking on some formidable opponents when he tried to muscle into the pinball business. On the other hand, Bill and his brother Frank were well connected in political and business circles. Among others, Frank was closely allied with politicians who were the political and personal enemies of the county prosecutor and might well have been favorably disposed toward an attempt to undermine part of his political base.

When Bill's efforts to gain part of the pinball operation were turned down by Cichy and the other owners, he filed what is referred to as an "underworld anti-trust suit." He and some of his men began throwing Molotov cocktails through the windows of places containing Cichy's machines. Some restaurant owners were roughed up. This caused some attention in the press, so people were getting

nervous. To calm things down, the pinball operators offered to let Bill in if he would agree to pay them twenty thousand dollars for the loss of their territory plus a fee of two dollars a month for each machine over and above the fifty cents per machine that went to the Amusement Association for lobbying.

The agreement reached by the other pinball operators was, however, not satisfactory to the chief of police, who saw Bill as a "hoodlum." This was one of the few occasions when the chief put his foot down. An informant in the police department said that "in all likelihood" the chief vetoed the agreement as a result of support and instructions from the county prosecutor. Because of the trouble Bill had caused, the chief insisted that he leave the state, which he did.

Several features of this event are important. First, it underlines the competition between different persons acting primarily as individuals out to increase the size of their business and their profits. It also illustrates, however, that when the entire enterprise is threatened, it is possible for a coalition of the more powerful members of the rackets to force less powerful members to acquiesce. The incident also indicates an important element in the way any network protects itself. The two-fifty a month which Bill would have to pay for each machine was divided between protection (two dollars a month) and lobbying (fifty cents a month). The one activity is presumably criminal (by statute), the other legal.

Was This Crime Network, Then, the Local Mafia?

I talked with many people about the possibility that this network was a local branch of the Mafia. A professional thief who had also worked in the rackets (gambling, prostitution, drugs, etc.) told me, "You can forget that Mafia

stuff. We are Hoosiers out here. There is no organized crime like they have back east, like in Kansas City and Cleveland. We're too independent out here."

This same feeling was expressed time and again by people at all levels. Virtually everyone in a position to know anything about the rackets in Seattle echoed these sentiments: "Every time you check the Congressional Record and you see the FBI diagramming the Mafia families in San Francisco, you can tell them to shove it up their ass, because you can't diagram this. If you do diagram it, you can't read your diagram when you're done. It's all squiggly lines: the chain of command and who's in charge of any operation and who's entitled to what cut of the graft, it's all very changeable."

Q: Is the police force more or less an independent thing, not controlled?

A: No, everybody has a part of the police department's ass. Really the police department is the biggest corporate hooker in the whole establishment. The Teamsters Union used them; Democrats at the time; the city council uses them; the license committee uses them; the prosecuting attorney also had an occasion to use the vice squad to make sure he is getting an honest count, if someone gives him trouble on pin-balls. Police chief, or assistant chief, would use the department sometimes at cross-purposes to what the mayor or the prosecutor might like. The mayor or the prosecutor might not want trouble, let's say, from a bar operator, like Charlie MacDaniel. They really probably hated that, when that thing came to a head the way it did. The cops, however, went right in and hassled Charlie, because the cops were smarter. The cops know what's going on out in the street, and they

knew better to make an example out of Charlie, even if it gets in the newspaper, than to lose control. The prosecutor is like any other crime boss. Something is wrong out there: he looks at a lieutenant, and he says, "Fix it." He might also add the admonition, "Don't be messy, fix it." And the henchman is a technician. Like any technician, he knows that sometimes you have to get your hands dirty when you fix the machinery. And the boss may not want any machine oil on the floor, but he may have to get some to get the machine fixed. So, beyond a certain point, if it gets messy, tough shit. Because the technician is responsible, and he doesn't want to be held responsible. And if somebody like Charlie MacDaniel gets too far out of line, you take whatever measures are necessary to cover your own ass. You worry about the boss later, see? Right now you're thinking about staying out of the newspapers, staying out of prison. So, on any given occasion, the loyalties of the policemen might be very divided; and this political structure that is controlling the rackets is very fractured. At times it is fractured along the straight Democratic against Republican lines. At times it is fractured along straight county bureaucracy against city bureaucracy. At times it was fractured along city lines, depending on who was contending for power and money. And that's why you can't chart it. It's not neat.

Q: And they're all dependent on each other.

A: And each one requires the silence of the other; no matter how ugly the fighting gets, they've got to keep it under and out of sight. This is one reason why I think there was very little killing, comparatively speak-

ing When people are killed, they were people within the apparatus, little people. Or people like Ben Cichy if he was, in fact, murdered, who admittedly are very visible, but for some reason somebody determined at that time that it was desperately important that he had to die.

But who exactly was it that could decide that so-and-so had to die?

I was advised by a telephone call from someone I had met in a high-stakes poker game that I ought to go to Vito's Cafe on the second Thursday of each month and see who always ate lunch there at a table in an alcove.

For six months I went to the cafe as advised. It was indeed interesting to see, week after week, gathered at one table and talking low enough not to be heard by anyone else: the assistant chief of police, an assistant prosecuting attorney, an undersheriff, and an attorney from a firm of lawyers that specialized in criminal law.

These four people met regularly every other Thursday. Rarely, however, was the luncheon limited to just the four. A local contractor, a realtor, a businessman whose firm specialized in "investments," the head of the Far West Novelty Company and president of the Amusement Association, a hotel owner, a member of the city council, a member of the county board of supervisors, an official of the local Teamsters Union, and once a newsman from one of the city's leading newspapers.

A friend told me that one of the regulars at the Thursday luncheon would like to talk to me. A meeting was arranged, and I met Von Bennett (P) at a bar. While we were drinking beer, I taped our conversation:

Q: — said you would tell me about the Thursday lunch group.

A: That's the meeting of the local Mafia.

Q: What do you mean by that?

A: They're the boys that run the rackets: drugs, gambling, girls, bootleg whiskey, pinballs—all that stuff.

Q: Well, that doesn't make sense to me. I have heard that — is the major person in the rackets—at least in some of the rackets—and he never goes there, does he? I at least haven't seen him.

A: Yeah, you're right, but that doesn't mean these guys don't run the rackets. It's like this: they work for guys with either political or police pull. They control those guys either because the big guys take a cut or because they have something on them. So this group kind of coordinates things. And they keep in touch with people in diverse fields, from bingo to booze.

Q: But how are they a Mafia?

A: Well, not like you read about a Mafia with a tightly knit organization, but these guys are as close as we come out here. They've got the most—a finger in every pie—but still, as you say, there's lots of others . . . all getting rich from the rackets. . . .

The people who are getting wealthy from the rackets are not the cafe, tavern, or cardroom owners. The people who are getting wealthy are the businessmen with capital to invest in an expanding, high-profit business, politicians and law-enforcement officers who can convert political or

police power into wealth. It is an interesting, fascinating illustration of the two-faced nature of the adage that wealth is power. That is certainly true, but the other side is equally true: power makes wealth as well.

The network members who met regularly were more or less elected representatives of the business, political, and law-enforcement groups that profited most from the rackets. For a while Charlie MacDaniel was a problem for them when he was refusing to pay off and later when he tried (in vain) to publicize the existence of widespread corruption in the police department. The inner circle of the network, after consulting with their bosses and co-owners who stayed in the shadows, tried various strategies to deal with him.

The kind of publicity created by MacDaniel was extremely bad for some of the most important people in the network. Businessmen who thrived on the image of Seattle as a “clean city” and a “nice place to live” knew of the underlying life of crime, but they wanted to keep those realities from public inspection at all cost. Politicians knew of the potential careers ruined by public exposure of links to anything smacking of organized crime, so they wished to keep things quiet as well. But there were cross-pressures at work that were equally important to the smooth functioning of a crime network. A person who refused to pay his proper share (whether through the payment to the police or to the “syndicate”) was a threat to the entire system. If Charlie MacDaniel didn’t pay, there would be a lot more tavern, cafe, cardroom, and other business owners on the fringe of legality who would take Charlie as a model and refuse to pay as well. Thus, if someone caused trouble for the organization of vice in the city, a calculation had to be made as to how best to deal with the threat. In the case of Charlie MacDaniel the calculation that evolved out of deal-

ing with his periodic balking at "playing the game straight" resulted in his being run out of business, out of the city, and eventually out of the state.

Notice, however, that the acts which constituted a "policy" with respect to a "problem" were the result of a *process*, not of a decision. True, someone decided what to do, but it was a matter of a series of individual decisions made by people who shared the same interests and views rather than a ruling passed down by a boss. To the extent that there was a boss, he may or may not have agreed with what finally constituted the policy. But whether he agreed or not, the policy resulted from the process of coping with a problematic situation. And, of course, some of the different people and groups involved in network activities had different interests.

One feature of criminality that is almost always overlooked is the extent to which businessmen who operate a presumably legitimate and wholly legal enterprise are involved either overtly or covertly in criminal activities. More often than is ever acknowledged by law enforcers or investigators, businessmen are the financiers behind criminal operations. In Seattle one of the city's leading jewelers served simultaneously as a financier for large drug transactions and as a fence for stolen jewelry. Often businessmen are co-opted by business and friendship ties to members of the network. A vice-president of one of the city's leading banks was a close associate of the county prosecutor, lunched with him, contributed his personal endorsement to the prosecutor's political campaigns, invested in things the prosecutor recommended, supplied links to other businessmen for the prosecutor, arranged loans, and so forth. Both the vice-president of the bank and a jeweler were key members of the network. Their money financed criminal activities and they reaped huge profits from them.

Newsmen on the city's leading newspapers were also implicated. In one case it was principally through receiving gifts from various members of the network. There were also rumors that an editor received a monthly income from the network. This seems unlikely, for the editor was not only co-opted by friendship and small favors, but the newspaper was opposed to exposing any graft or corruption lest the city reassess the value of the newspaper's property. A local politician and one-time candidate for sheriff possessed information linking an editor of one of the newspapers with a national wire service that reported racing results. The police were also aware of these links. This information was never made public, perhaps because the keepers of the news are in the end the safest possible mediums for conducting illegal business activities.

There is clearly no "godfather" in the crime network, no single man or group of men whose word is law and who control all the various levels and kinds of criminal activities. There is, nonetheless, a coalition of businessmen, politicians, law enforcers and racketeers (see diagram) who have a greater interest in the rackets than anyone else, who stand to lose the most if the operation is exposed, and who also have the power to do something when it is called for. These men do not have unlimited power, to be sure, and they must assess their power in each incident to see what is the best strategy to follow. Thus, when someone firebombed competitors, there were some in the network who wanted to acquiesce to his demands, some who wanted to wait and see, and others who wanted to "kill that crazy son of a bitch." Killing him was a very dangerous alternative since it would surely create adverse publicity and hostility between various groups involved in the rackets. Letting him in might have the same effect. Eventually the head of the pinball operation agreed to let him in for a high price, with

Financiers

Jewelers Attorneys
Realtors Businessmen
Contractors Industrialists
Bankers

Organizers

Businessmen

Restaurant Owners
Cardroom Owners
Pinball Machine License Holders
Bingo Parlor Owners
Cabaret and Hotel Owners
Club Owners
Receivers of Stolen Property
Pawnshop Owners

Politicians

City Councilmen
Mayors
Governors
State Legislators
Board of Supervisors Members
Licensing Bureau Chief

Law-Enforcement Officers

Chief of Police
Assistant Chief of Police
Sheriff
Undersheriff
County Prosecutor
Assistant Prosecutor
Patrol Division Commanders
Vice Squad Commanders
Narcotics Officers
Patrolmen
Police Lieutenants, Captains,
and Sergeants

Racketeers

Gamblers Pimps Prostitutes Drug Distributors Usurers Bookmakers

the tacit agreement of the other pinball operators. But the chief of police resisted and was apparently able to force Bill out of the state.

Incidentally, a leading state politician who was also involved in the rackets arranged for Bill to obtain employment with a criminal syndicate in another state. Bill apparently decided that discretion was the better part of valor.

Bill's brother Frank owned a string of taverns and cabarets, a few hotels, and the major jukebox distribution company in the state; and he allegedly controlled most of the white prostitution rings in the city. After a visit to one of his cabarets I made this record:

Frank plays with his keys constantly as he sits on the edge of his chair in his Starfire Room Cabaret. The naked women dancing on three stages simultaneously and the waitresses serving watered-down liquor stop by occasionally and ask him a question. He hands one of them the keys and gets up from time to time to do something in the back room. One of the women occasionally disappears upstairs with a customer. Frank looks totally bored by the scene. The money he's making, the naked women he's employing, the conversation about the rackets and his role in them are all old hat. What interests him is the possibility that once again, at age fifty-three, he may be going back to prison. This time it will be hard time. This time he does not have the promise of something big when he gets out. This time he will lose rather than gain.

Frank spent eighteen months in prison in 1942-43. Those months were "no picnic," but he was sustained that time by a promise given, the promise by a young politician that if Frank "took the fall" and served the sentence he would be "amply rewarded" when he was released. It was a fair deal, fair for the politician, fair for the others involved, and fair for Frank.

Frank was the son of a vegetable farmer in the county. His family was comfortable but neither notorious nor wealthy. He and some of his young friends were untouched by crime or rackets to any significant degree, but they were touched by the sin of many American men—womanizing. One of the women that Frank slept with regularly was only sixteen years old. She was also sleeping with several of Frank's friends. The young woman was arrested, and she confessed to the police that the older men had been having sex with her for some time. The police threatened all four of them with jail sentences. The four men denied the charge, and the police had only the uncorroborated testimony of the girl.

A young lawyer who was active in politics managed the business affairs of Frank's family. The four accused rapists fell to arguing among themselves as to how to get out of the predicament. They called in the family's lawyer to mediate. The lawyer contacted the police, who told him that someone had to stand trial. The police agreed, however, to drop charges on all but one of the defendants in return for a guilty plea. The lawyer took out a checklist and added up the pros and cons of having one of the four plead guilty to the charge. Some were married, some had businesses that would suffer; Frank was single and could afford the stigma. He was also only twenty-three, so the effect of having sex with a sixteen-year-old would look less awesome. The lawyer promised there would be no jail sentence, only probation or a suspended sentence. He also promised that when it was over the other men would put up the money to set Frank up in business.

The lawyer's power to negotiate a deal was less than he indicated it would be. He did get the charges dropped on everyone but Frank, but Frank had to spend eighteen months in the state reformatory. On release, however, the

lawyer, kept his promise and set Frank up with a liquor license, a tavern, and a going business, without Frank's having to invest any money.

While Frank was building his tavern business, the young lawyer was building a political career that led all the way to the state legislature. Frank and the lawyer-politician remained close and trusted friends. Frank, it was said, became the state politician's personal bagman. He went to the various rackets in the city and collected a monthly tithe. He collected, for example, a thousand dollars a month from the owners of bingo clubs. It was a substantial amount of money, but the profits from the bingo operation were sufficient to easily underwrite this and numerous other profit shares the owner made.

The next thirty years were good ones for Frank. He expanded his first club into the ownership of numerous other clubs, part ownership of the major jukebox distributorship in the area, partial control of some of the pinball operations, and he handled some of the organized prostitution in the city, especially the prostitution that ran out of taverns and nightclubs.

Frank also became a force to contend with. He was one of the people in the rackets who could stand up to county politicians and come away intact. On one occasion a leading politician called Frank in to put him in his place. According to someone who witnessed the encounter, when Frank entered the room, the politician said, "I understand you are the biggest pimp in the state." Frank replied, "Yeah, and I hear you like to play with little boys."

The politician had probably expected a humble racketeer to grovel at his feet. But Frank's own position in the rackets and his connections with state politicians plus some important influence in Washington, D.C., were sufficient to make it impossible for the local politico to squash him.

This did not elevate Frank to a position of omnipotence. Both he and the others would have eliminated their opponents in a moment if it could have been done without jeopardizing their own operations. But they could not. So an unappealing alliance prevailed year after year. Occasionally harsh words were spoken; threats and attempts to oust leading political supporters of each other's camps were made. But the *détente* persisted and indeed would persist today were it not for the fact that in time another faction emerged with the power to squash both parties to this alliance, but that gets us ahead of the story.

Two members of Seattle's leading families were also implicated through various business transactions with members of the network. The business transactions invariably came recommended by a leading local politician and brought the investors huge returns on small investments. They certainly should have realized that the enterprises were illegal, but in any case they participated and showed their appreciation by supporting the politician in the face of all sorts of opposition. When, for example, their political-business ally was threatened with exposure by a newly appointed U. S. attorney, these two businessmen flew to Washington, D.C., where they consulted with a personal friend who was an adviser to President Nixon. They asked him to have Nixon stop the inquiry. For reasons that will be taken up later their request was refused and the inquiry continued.

There were other positions (rather than individuals) that were crucial to the network's success. Two bear particular attention: the head of licensing for the county and the tax assessor. The people in these positions were never very powerful. Their careers were entirely in the hands of politicians. Nonetheless, what they did at their behest was of considerable importance to the network's continuance.

There were "considerate" assessments made on the tax-

able property of the two leading newspapers, the fact of which could then be used to keep them from publishing news the prosecutor did not want made public. There was also a payoff made to some politicians, a small part of which was sent down to the assessor through a firm in Portland, Oregon. This firm was hired by at least two of the state's largest industrial firms to keep the tax assessments on their corporation properties much lower than they should have been. Small wonder that the owners of these businesses always supported the cooperative politicians when they ran for office.

The head of the licensing division of the county also received a share of the profits, as well as some smaller payoffs he arranged by himself. To operate a tavern, a cabaret, a cardroom, a taxicab, or even a tow-truck company, it was necessary to have a license issued by the city's licensing division. These licenses were no less than a piece of very valuable property. They virtually guaranteed substantial profit from investment. The number of such licenses was kept to a level where anyone who had the license was certain to have his services heavily in demand. A tow-truck license cost ten thousand dollars "under the board." Depending on its location and potential, a tavern or a cabaret could cost fifty thousand dollars (plus monthly payments) to license. A cardroom might cost only one thousand dollars since there was not the certainty of profit accumulation from the cardroom. Monthly payments, however, would vary according to profits, as we have seen.

Liquor licenses were handled at the state level. The liquor board consisted of three men, all appointed by the governor for staggered nine-year terms. This board was the source of incredibly large sums for "campaign contributions" and outright graft for state politicians, especially those in positions influencing licensing and liquor policies.

At the root of the crime network's operation was the

money that got shuffled from the people who operated the rackets—the bookie, the numbers man, the whorehouse operator, the drug trafficker, the cardroom manager, tavern owner, or pinball operator—to the politicians, law enforcers, and businessmen who protected the network and its enterprises. The amount of money shuffled, as we have seen, was staggering.

The day-to-day decisions might have rested in the hands of seven, nine, or ten men who consulted regularly with the other principals in the network. But for such a widespread and profitable system to persist, a set of relations far more extensive than this and beyond mere payoffs had to develop, especially since the task of maintaining control over the various enterprises and the people involved was a task of major importance to everyone. As we shall see in the next chapter, the problem of maintaining control was much more complicated than first met the eye.

CHAPTER FIVE

Maintaining Control

SHARED INTERESTS are the root of the forces of social control that maintain silence and ensure mutual cooperation among the members of the network and those who work for it. The device by which all these people come to share an interest in maintaining corruption and widespread criminality is the payoff. Principally payoffs are in cash, the oil of capitalism's machinery. This money provides cash to meet monthly bills, to pay gambling debts, to finance political campaigns, to send children to private schools, to bribe officials for special favors, or simply to pay wages somewhat above those earned by comparable workers in "legitimate" employment.

There are gifts that supplement payoffs: a color television given to the newscaster, an antique automobile for a bank vice-president, a loan to a local businessman. And there is the use of public office to gather information that gives someone a special advantage in making a handsome profit from a small investment.

Those who cooperate and join the network are well rewarded. A routine and moderately paid government job

can be turned into a source of wealth or at least considerable luxury. Seattle police captains received monthly stipends of five to eleven hundred dollars from the network. These, however, were the more blatant and in many respects less important techniques by which the network maintained control. More important by far were the people who moved from one position of power and influence in the government-business structures to another, all the time maintaining links with or control over important segments of crime enterprises. A few cases illustrate the interpenetration of different political and economic structures of network members.

1. A police officer and police inspector who worked directly under officers who coordinated payoffs within the police department was handpicked by a leading local politician to run for the office of sheriff when there was an opening. He was successful in his campaign. Afterward he received his salary as sheriff and large monthly sums as his share of network profits from the county.
2. A U.S. Coast Guard commander who was friendly with network members, upon retirement from the Coast Guard, was appointed to the state liquor board.
3. A fireman from the city cooperated with the crime interests by inspecting and harassing businesses or businessmen who refused to cooperate with the network. He also assisted in the destruction of some property network members wanted to burn in order to collect insurance. After five years as a fireman he joined the police force and was appointed to the vice squad, where he continued to work as a network member for seventeen years. With the support of leading people in the political power structure of the city, he was elected to the city council, where, along with

the president of the council, he worked diligently to protect the interests of network members. While on the city council he was appointed head of the licensing committee, from where he was able to control the licensing of both legitimate and illegal businesses.

4. Agents of the Federal Bureau of Investigation who either worked closely with network members or were suspiciously unconcerned about corruption were able to remain in the Seattle office for unusual lengths of time. On retirement they were offered attractive jobs in government and business. Contacts with network members were then used to bring in substantial business to their companies or law firms. The companies were of course pleased with the business and with the political contacts a former federal law officer brought to the business. For his part, the agent might be increasingly important in network policies and could direct several businesses central to network interests.
5. A former sheriff who worked closely (but not too wisely) with the network was appointed to the state parole board. In this position he was able to manipulate prison terms for network members as well as to punish persons who did not cooperate with them. He was also in a position to shorten prison sentences for people able to make payoffs to leading members, including, of course, himself. Most important, he could see that network members were able to “do a favor” for a politician or businessman who wanted to “help out a friend” by getting someone out of prison. Such mutual aid was a crucial ingredient in maintaining control.

This list of people who moved from position to position as the network solidified its control over local and state politics and law enforcement could be expanded to include

judges, state legislators, and political officeholders at all levels. The examples selected are neither extreme nor unusual. They are, in fact, quite typical of how a crime network maintains control. They are typical of how American politics works. The fact that the profits that underlay the establishment of the network of crime were from business ventures that were illegal does not alter the fundamental fact that the process by which these interrelationships developed and persisted was no different from the process by which the same networks and interdependencies emerge and persist between enterprises that are legal and the political law-enforcement system.

For the system to work effectively there must be enough income to warrant mutually shared interests protecting and perpetuating illegal activities. Such a network would not arise to protect the interest of people devoted to the rehabilitation of derelict alcoholics.

The Business Community

People engaged in the manufacture, sale, or distribution of goods or services that are legal get involved with crime networks by pursuing profits in precisely the same way they pursue profits in legitimate business. The “decision” to join a network is often more an accident than a design:

I met Jay (P) at the Rainier Club. We liked each other. We both had played sports in college and had a lot in common. We also like to drink and horse around. Then one day he called and told me he knew of a possibility for turning a nice profit if I had some unused cash lying around. It was a perfectly natural thing. Businessmen are always doing things like that. So I invested a good deal of money on Jay's recommendation. I guess I should have looked into it more

carefully, but I had no reason not to trust him. After all, he was a well known politician at the time. He told me it was to be used to import some things from Taiwan. I never saw a bill of lading though I see now I should have asked. Only later did I discover that I had purchased ten percent of a heroin shipment. I doubled my money in two months. Naturally, I didn't want to ask too many questions with that kind of profit. The next time Jay called I was ready to sell my wife to make the investment. We bought land together and some phony business connected with an amusement company, and Jay passed on tips to me about land deals. I liked the guy, and we agreed politically on most issues though he was a little too conservative for my blood. Still, in view of our friendship and everything I contributed heavily to his political campaigns and even supported him publicly. . . .

Similar patterns prevailed throughout the community. A realtor became involved by learning of an opportunity to invest in a hotel. The realtor was approached by a lawyer who did not identify his clients. The lawyer's clients, the realtor was told, were interested in purchasing an old hotel suitable for renovation. The location was not important, but the hotel did have to be in poor condition. The realtor found a suitable hotel, which the lawyer then authorized the realtor to buy for his clients. The realtor agreed to accept a share of the hotel as his commission.

The lawyer and his clients formed a corporation. They became a public corporation and sold stock. The proposed purpose of the stock was to raise capital to renovate the hotel. Few of those who invested over a million dollars ever saw the hotel. Nor were they ever aware of the caper in which they took part.

The corporation borrowed several million dollars (from the bank of which a member was vice-president) on the strength of the capital raised by selling stock. Contracts

were granted for reconstruction. The principal contractor was a man who had moved to Seattle from Detroit, where he had been a member of a crime network that controlled much of the building industry in that city. The contractor agreed beforehand to kick back to the lawyer and his clients 50 percent of the value of the contract. When reconstruction of the hotel supposedly began, the insurance was increased commensurate with the construction that was allegedly taking place.

The insurance was prorated according to reports given to the insurance company by the contractor as to how far along construction had progressed. When the construction was supposedly nearly completed and insurance was close to its peak, the hotel burned down. In actuality, of course, the hotel had barely been touched. The money that was to have gone for reconstruction had mostly been skimmed off by those who formed the corporation and by the contractor. The insurance company paid the full amount. The stockholders were paid off, the company was liquidated, the state purchased the vacant lot on which the hotel had stood, and the stockholders profited a little. The criminal network profited a lot. Not only had they increased their capital by making a "shrewd investment," but they had along the way gained the friendship and allegiance of an important local realtor, who was most pleased that his commission had turned into such a handsome profit. The insurance company raised the price of next year's insurance by a fraction of a penny to cover the loss.

Property and the State

State, county, and municipal governments manage an enormous amount of property. They manage buildings that house government offices, municipal parking lots, jails,

courts, roads, highways, and public buildings. They also manage and control licenses, franchises, and other forms of property that are the source of incredible profit to those who can acquire them.

Property, whether in the form of land, buildings, or franchises and licenses, is the cornerstone of capitalism. The property managed by the government for the most part (but not entirely) is “soft” property in the form of licenses, franchises, and information. The governor of the state, the county board of supervisors, the municipal governing board or mayor, the heads of licensing committees in the legislature or in the government control much of the soft property. It is used for a variety of purposes, of which the cementing of power and the conversion of power into wealth are the most important.

In 1964 a Republican replaced the incumbent Democrat who had been governor for two terms. One of the new governor’s first official acts was to transfer over one million dollars in state insurance to the insurance company for which the governor had worked before his election.⁵ The outgoing governor amassed a personal fortune while in office. In one instance he purchased a piece of land for \$8,327 and sold it for \$250,000.

There are good reasons in the legitimate business community for a crime network. Many of the city’s legal businesses thrive or decline to the extent that goods and services provided by a crime network are available. One such industry is tourism. Hotels, restaurants, and taverns profit and thrive on vice.

An important ingredient in Seattle’s economy is tourism. An important fact of tourism, in turn, is the attraction of conventions. Men who come to conventions are attracted to cities where gambling, prostitution, pornography, and various other “pleasures” are readily available. No one has

to articulate this fact of life in order to have people in politics, business, and law enforcement adopt policies that conform to it:

. . . everybody knew that a decent city that is growing has to have whores, has to have accessible liquor, prohibition or not, has to have a place where a guy can go and shoot craps, either for penny ante or high stakes, has to have a place where a guy can go and play cards. There's no reason putting somebody in jail for it, because it is what all good, righteous Christians do.

Law-Enforcement Agencies

Shared interests stretch farther than mere economic ties. Shared interests occur on a very broad level and should be understood as stemming basically from contradictions which inhere in the political and economic structure of American cities. To understand this, it will help to view the role of laws in the shaping of crime networks. Laws prohibiting gambling, prostitution, pornography, drug use, and high-interest rates on personal loans are laws about which there is a conspicuous lack of consensus. Even persons who agree that such behavior is improper and should be controlled by law disagree on the proper legal response. Should persons found guilty of taking drugs, gambling, or visiting a prostitute be imprisoned or counselled? Reflecting this dissension, large groups of people, some with considerable political power, insist on their right to enjoy the pleasures of vice without interference from the law.

Those involved in providing gambling and other vices enjoy pointing out that their services are profitable because of the demand for them by members of the respectable square-john community. Prostitutes work in apartments

located on the fringes of the lower-class area of the city, rather than in the heart of the slums, precisely because they must maintain an appearance of respectability so that their clients will not feel contaminated by poverty. Professional pride may stimulate exaggeration on the part of the prostitutes, but their verbal reports are always to the effect that “all” of their clients are “very important people.” My observations of the comings and goings in several apartment houses where prostitutes work generally verified the women’s claims. Of some fifty persons seen going to prostitutes’ rooms in apartment houses, only one was dressed in anything less casual than a business suit.

Watching those who frequented panorama gave me the same impression that the principal users of vice are middle and upper class. During several weeks of observations (leaning against the wall), I observed that more than 70 percent of the consumers of these pornographic vignettes were well-dressed, single-minded visitors to the slums who came for fifteen or twenty minutes of viewing and left as inconspicuously as possible. The remaining 30 percent were poorly dressed, older men who lived in the area.

Information on gambling and bookmaking in the permanently established or floating games is less readily available. Bookmakers report that the bulk of their “real business” comes from doctors, lawyers, and dentists in the city:

A: It’s the big boys—your professionals—who do the betting down here. Of course, they don’t come down themselves; they either send someone or they call up. Most of them call up, ’cause I know them or they know Mr. ____ [one of the key figures in the gambling operation].

Q: How ’bout the guys who walk off the street and bet?

A: Yeah, well, they're important. They do place bets and they sit around here and wait for the results. But that's mostly small stuff. I'd be out of business if I had to depend on them guys.

The poker and card games held throughout the city are of two types: 1) the small, daily game that caters almost exclusively to local residents of the area or working-class men who drop in for a hand or two while they are driving their delivery route or on their lunch hour, and 2) the action games that take place twenty-four hours a day and are located in more obscure places, such as a suite in a downtown hotel. Like prostitution, these games are on the edges of the lower-class areas. In Seattle the action games were the playground of men who were by manner, finances, and dress clearly well-to-do professionals and businessmen.

Not all business and professional men partake of the vices. Indeed, some of the leading citizens sincerely oppose the presence of vice in their city. Even larger numbers of the middle and working classes are adamant in their opposition to vice of all kinds. On occasion, they make their views forcefully known to the politicians and law-enforcement officers, thus requiring public officials to express their own opposition and appear to be snuffing out vice by enforcing the law.

The law-enforcement system is thus placed squarely in the middle of two essentially conflicting demands. On the one hand, the job obligates police to enforce the law, albeit with discretion; at the same time, considerable disagreement rages over whether or not some acts should be subject to legal sanction. This conflict is heightened by the fact that some influential persons in the community insist that all laws be rigorously enforced, while others demand that

some laws not be enforced, at least not against themselves.

Faced with such a dilemma and such an ambivalent situation, the law enforcers do what any well-managed bureaucracy would do under similar circumstances. They follow the line of least resistance. Using the discretion inherent in their positions, they resolve the problem by establishing procedures that minimize organizational strains and that provide the greatest promise of rewards for the organization and the individuals involved. Typically, this means that law enforcers adopt a tolerance policy toward the vices, selectively enforcing the laws when it is to their advantage to do so. Since the persons demanding enforcement are generally middle-class and rarely venture into the less prosperous sections of the city, the enforcers can control visibility and minimize complaints merely by regulating the location of the vices. Limiting the visibility of such activity as sexual deviance, gambling, and prostitution appeases those who demand the enforcement of applicable laws. At the same time, since controlling visibility does not eliminate access for persons sufficiently interested to ferret out the tolerated vice areas, those demanding such services are also satisfied.

Cooperation and Control

The policy of cooperating in order to control the vices is also advantageous because it renders the legal system capable of exercising considerable control over potential sources of real trouble. For example, since gambling and prostitution are profitable, competition among persons desiring to provide these services is likely. Since legal remedies are lacking, the competition tends to become violent. If the legal system cannot control those running the vices, competing groups may well go to war to dominate the rack-

ets. If, however, law-enforcement agents unofficially cooperate with some, there will be enough concentration of power to minimize conflicts. Prostitution can be kept clean if the law enforcers cooperate with the prostitutes; the law can thus lessen the chance, for instance, that a prostitute will steal money from a customer. In this and many other ways the law-enforcement system maximizes its visible effectiveness by creating and supporting a shadow government that manages the rackets.

Initially, people may have to be brought in from other cities to help set up the necessary organizational structure. Or the system may have to recruit and train local talent or simply co-opt, coerce, or purchase the knowledge and skills of entrepreneurs engaged in vice operations. This move often involves considerable strain, since some of those brought in may be uncooperative. Whatever the particulars, the ultimate result is the same: a crime network emerges—composed of politicians, law enforcers, and citizens—capable of supplying and controlling the vices in the city. The most efficient network is invariably one that contains representatives of all the leading centers of power. Businessmen and bankers must be involved because of their political influence, their ability to control the mass media, and their capital. The importance of cooperating businesses was demonstrated in Seattle by the case of a fledgling magazine that published an article intimating that several leading politicians, in particular the county prosecutor, were corrupt. Immediately major advertisers canceled their advertisements in the magazine. One large chain store refused to sell that issue of the magazine in any of its stores. When one of the leading members of the network was accused of accepting bribes, a number of the community's most prominent businessmen sponsored a large advertisement declaring their unfailing support for

and confidence in the integrity of this "outstanding public servant."

The network must also have the cooperation of lawyers and businessmen in procuring the loans which enable them individually and collectively to purchase legitimate businesses, as well as to expand the vice enterprises. One member not only served along with others in the network on the board of directors of a loan agency, but he also helped wash money and advise associates on how to keep their earnings a secret. He served as a go-between, passing investment tips from associates to other businessmen in the community. In this way a crime network serves the economic interests of businessmen indirectly as well as directly.

The political influence of the network is more directly obtained. Huge tax-free profits make it possible to generously support political candidates. Often the network members assist both candidates in an election, thus assuring influence regardless of who wins. While usually there is a favorite, ultra-cooperative candidate who receives the greater portion of the contributions, everyone is likely to receive something.

Like all activities of the criminal network, political influence is obtained in a variety of ways. An ambitious and talented young lawyer decides to run for senator. He is running behind his opponent. He knows that his main problem is inadequate campaign financing. One night he receives a telephone call from a lawyer acquaintance asking to talk with him. They go for a drive, and in an isolated parking lot outside the city the young candidate is given an envelope containing thirty-five thousand dollars in one-hundred-dollar bills. The acquaintance tells him, "This is from some of the businessmen downtown who want to support you in your campaign."

There is, of course, a dilemma posed by accepting the money. As one aspiring politician who found himself in just this situation explained it, "I knew I needed that money for the campaign. And I knew too that that son of a bitch I was running against spent all his time in Washington getting drunk. But I couldn't beat him if I didn't get more funding. So I took the money. I told myself it would go for a good cause."

Perhaps it did. The recipient won the campaign and went on to support many "good" causes. He also paid his debt to those "downtown businessmen," who continued to support him in future elections.

During the late 1920s an aspiring politician was running for the office of county prosecutor. He had a problem raising funds. Dave Beck, who was rapidly putting together one of the most powerful labor unions on the West Coast, supported this aspiring young graduate from the University of Washington Law School. Warren Magnuson won the race for county prosecutor. Shortly thereafter, when Dave Beck organized a strike against the two local daily newspapers (one of which was owned by the Hearst chain), Warren Magnuson wore a button supporting the strike. The strike was eventually settled on terms favorable to Dave Beck and his Teamsters: not only because of Warren Magnuson but also because Franklin Roosevelt won the Presidency in 1932 and the Hearst newspapers had to come to grips with the reality of a shifting power base in Washington. Roosevelt's son-in-law was made publisher of the *Post-Intelligencer* (the Hearst newspaper in Seattle), and Dave Beck, Warren Magnuson, and the Democrats were well on their way to forging a lifelong alliance that would end only when Dwight Eisenhower won the Presidency in 1952.⁶

Dave Beck also forged alliances with owners of cabarets,

cafes, and cardrooms. He invested in pinball operations and bingo parlors. He supported and worked for political candidates who were "realistic" and wanted to see Seattle grow economically. The Pacific Northwest was the scene of some of the most vicious anti-union activity in the country. Local businesses employed professional killers to shoot and maim strikers.⁷ The Teamsters, for their part, developed "goon squads" of truck drivers and professional fighters to maintain the picket lines.⁸ These same people and these same tactics were later employed in the interest of maintaining control over people who worked for or found out about the organization of illegal businesses in the city and state. A restaurateur who refused to pay his tithe (such as Charlie MacDaniel) found Teamsters coming into his restaurant and starting fights with customers and employees. Teamster trucks would not deliver goods to cardroom owners who did not cooperate. Teamsters would not drive trucks to serve the pinball machines of competitors whom Dave Beck did not approve.

The mayor's office was not crucial to the continued success of the network, but it always helped to have a cooperative mayor. When Dorm Braman ran for mayor in 1964, the county prosecutor introduced Braman to a number of Seattle businessmen. They included Robert Murray, Calvin Decker, and "Rudy" Santos. Calvin Decker and Rudy Santos owned some of the most profitable and long-standing "clubs" in Seattle where gambling took place on a regular basis. They contributed heavily to Braman's campaign, and the prospective mayor (who was successful in his campaign) returned the favor after election by announcing that gambling would continue to be "tolerated" in the city.

Within the police department the same theme is repeated but with its own variation. A new police officer is taken out

on the First Avenue patrol. After a couple of nights his partner goes into a place that has gambling or into a cabaret that operates on the edge of legality and comes out with a bottle of whiskey and ten dollars. The new patrolman is informed that “from time to time these guys give us something—here you take the whiskey; I’ve got plenty at home.” If the young recruit accepts it, then it builds from there up to regular payoffs, depending of course on the beat and how important his job. If he refuses the “gratuity,” then the senior patrolman will tell the sergeant that “Joe ain’t gonna play; we’re gonna have trouble with him.” The next day Joe receives a notice that he has been transferred to a patrol car that works out of Wallingford, the North end, or Georgetown, middle-class neighborhoods where the vices are not so prevalent. It can even be done as a promotion so that the officer believes that his refusal has been noticed by the higher-ups and that he has therefore been promoted away from the First Avenue midnight shift to a comfortable, dry beat.

Bureaucracy Affords Discretion

Contrary to the prevailing myth that universal rules govern bureaucracies, the fact is that in day-to-day operations rules can and must be selectively applied. As a consequence, some degree of corruption is not merely a possibility but rather a virtual certainty that is built into the very structure of bureaucratic organizations.

The starting point for understanding this structural invitation to corruption is the fact that the application of all rules and procedures underpinning an organization inevitably admits to a high degree of discretion. Rules can only specify what should be done when the actions being considered fall clearly into unambiguously specifiable

categories, about which there can be no reasonable grounds of disagreement or conflicting interpretation. But such categories are a virtual impossibility, given the inherently ambiguous nature of language. Instead, most events fall within the penumbra of the bureaucratic rules where the discretion of officeholders must hold sway.

Since discretionary decision-making is recognized as inevitable, in effect, all bureaucratic decisions become subject to the discretionary will of the officeholder. Moreover, if one has a reason to look, vagueness and ambiguity can be found in any rule, no matter how carefully stipulated. If ambiguity and vagueness are not sufficient to justify particular criteria being applied, contradictory rules or implications of rules can be readily located that have the same effect to justify the decisions which, for whatever reason the officeholder wishes, can be used to enforce his position. Finally, since organizations characteristically develop their own set of common practices, which take on the status of rules (whether written or unwritten), the entire process of applying rules becomes totally dependent on the discretion of the officeholder. The bureaucracy thus has its own set of precedents, which can be invoked in cases where the articulated rules do not provide precisely the decision desired by the officeholder.

Ultimately, the officeholder has license to apply rules derived from a practically bottomless set of choices. Individual self-interest then depends on one's ability to ingratiate himself to officeholders at all levels in order to ensure that the rules most useful to him are applied. The bureaucracy, therefore, is not a rational institution with universal standards but is, instead, irrational and particularistic. It is an organization in which a set of self-serving goals emerge that often conflict with the organization's ostensible purposes. This is precisely the

consequence of the organizational response to the dilemma created by law prohibiting the vices. Hence, the bureaucratic nature of law enforcement and political organization makes possible the corruption of the legal-political bureaucracy.

For the police bureaucracy the goal of maintaining a smooth-functioning organization invariably takes precedence over all other institutional goals. Where conflicts arise between the long-range goals of the law and the short-range goal of sustaining the organization, the former loses, even at the expense of undermining the socially agreed-upon purpose for which the organization presumably exists.

Yet, the law-enforcement agency's tendency to follow the line of least resistance, of maintaining organizational goals in the face of conflicting demands, necessarily embodies a choice as to which demands will be followed. Bureaucracies are not equally susceptible to all interests in the society. They do not fear the castigation, interference, and disruptive potential of the alcoholics on skid row or the cafe owners in the slums. In fact, some residents of the black ghetto and other lower-class areas of the city have been campaigning for years to rid their communities of the gambling casinos, whorehouses, pornography stalls, and bookmaking operations. But their pleas fall on deaf ears. The letters they write and the committees they form receive no publicity and create no stir in the smoothly functioning organizations that occupy the political and legal offices of the city. On the other hand, when the president of a large corporation in the city objected to the "slandorous lies" being spread about one of the leading members of the crime network, the magazine carrying the "lies" was removed from newsstand sale, and the editors lost many of their most profitable advertisers. In time, the magazine

folded. Similarly, when any question of the honesty or integrity of policemen, prosecutors, or judges involved in the crime network was raised publicly, it was either squelched before being aired, or it aroused the denial of influential members of the banking community (especially those bankers whose institutions loaned money to prominent members of the network), as well as leading politicians, law-enforcement officers, and the like.

In short, bureaucracies are susceptible to differential influence according to the economic and political power of the groups attempting to exert influence. Since every facet of politics and the mass media is subject to reprisals by network members and friends, exposure of the ongoing relationship between a network and the most powerful economic groups in the city is unlikely. In the end it is cooperation with, not suppression of, the rackets that is in the best interest of the police, the politicians, and the business community.

The fact that the bureaucrats must listen to the economic elites of the city and not the have-nots is, then, one important element that stimulates the growth and maintenance of a crime network. But the links between the elites and criminal associations are more than merely spiritual. The economic elite of the city does not simply play golf with the political and legal elite. There are, in fact, significant economic ties between the two groups.

The most obvious nexus is manifested by the campaign contributions from the economic elite to the political and legal elite. We need not dwell on this observation here; it has been well documented in numerous other studies. What is not always recognized, however, is that crime networks are an important source of money for the economic elite. In 1964 leading bankers and industrialists of the city were part of a multimillion-dollar stock swindle engineered

and manipulated by associates of the crime network with the assistance of confidence men from another state. This entire case was shrouded in such secrecy that out-of-state newspapers called me (and others) to find out why news about the scandal was not forthcoming from local wire services. When the scandal was finally exposed, the fact that industrialists and network members heavily financed the operation (and reaped the profits) was conveniently ignored in the newspapers and the courts; the evildoers were limited to the outsiders, who were in reality the front men for the entire confidence operation.

Legal Ambiguities

Owners and operators of the restaurants, the cigar counters, and the taverns where gambling takes place are joined by owners of hotels, taverns, and apartment houses where prostitution takes place. They all pay money into the crime network to stay open and for much the same reason. The laws of the state, county, and city are specifically (and in many cases intentionally) written so as to make it impossible for anyone to operate profitably a tavern, cabaret, hotel or nightclub without violating the law. Two statutes, one governing cabarets, the other governing the jukeboxes, are illustrative.

I earlier described the ordinances that required having a restaurant the size of a football field in order to have a *legal* nightclub large enough to hold enough customers to make a profit. These ordinances are passed with good Christian piety. The required seating distance from the platform would keep people from being too close to sexually stimulating objects; it would require cabarets to have something of a family atmosphere (what is more American family-like than a restaurant?), and it would keep too much

sex from going on at once. In effect, however, the ordinance does not create a family atmosphere or reduce the number of girls dancing or keep customers from being too close to the dancing girls; it produces instead a neat mechanism by which the police, politicians, and other law-enforcement agencies can shake down the owners and operators of nightclubs.

The city council also passed a curious law designed to control the distribution of jukeboxes in the city. At the hearing accompanying the passage of this ordinance, it was alleged that organized crime controlled jukeboxes in many cities in the United States. Some of the city council members, therefore, proposed that the city prohibit anyone from owning the jukebox in his/her establishment, thus forcing him/her to rent the machine from a central distributor. How this was supposed to control the influence of organized crime is something of a mystery, especially since the license to operate the jukeboxes was given to a man who had been convicted of a felony and whose reputation held him to be the head of the local Mafia. (*He was not, in fact*, the head of the local crime network but he was an important member of it.)

Numerous other state and local laws serve similar purposes. They make it possible for organized crime to move freely but not without sharing the profits and paying homage to those members of "straight" society who provide the entry permit into these areas of entertainment, extortion, and dealing, where the profits are high and the activities illegal.

The crime network is thus an inevitable outgrowth of the political economy of American cities. The ruling elite from every sphere benefits economically and socially from the presence of a smoothly running association. Law-enforcement and government bureaucracies function best

when the network is part of the governmental structure. And the general public is satisfied when control of the vices gives an appearance of respectability without curbing availability.

As we saw earlier, the operators of cardrooms, cafes with pinball machines, taverns, nightclubs, bookmaking establishments, and sundry other enterprises which were in violation of one or more laws had to pay graft to keep open. It will be recalled that these people reported making two payments a month, one to the police and one to the syndicate (or in some cases they thought they were paying one payment to the beat cops and another to the higher-ups). The money went in the same general direction. The policeman who picked up the payment would take a percentage and pass the remainder on up the line. This included the sergeants, lieutenants, and captains of those divisions of the police department directly concerned, especially vice and patrol divisions. The money that was funneled up was then divided into several packages: some for ranking police officers—at one time the assistant chief of police received an average of fifteen hundred dollars a month—but most for people in government offices including members of the city council, the state legislature, and other state offices.

Now all that sounds hierarchical and neat, which apparently contradicts my earlier statement that the payoff system was not so organized. The payoffs from the cardroom operators and taverns were organized in this manner, but these payoffs were only a small part of the revenues.

Network associates paid off in a variety of ways. A drug financier, for example, paid off quite differently from a tavern owner. No one really knew how much he made from his various illegal activities, and no one tried to find out. He contributed heavily to the political campaigns for county

prosecutor, city council, state legislature, and governor. His candidates did not always win, but they won often enough to protect him from exposure.

There is always room for many people to operate as independent entrepreneurs. The only requirement is that one pay off the right people in the right way. It could be a payment to the right politician's campaign, or it might even be just giving support when needed. The son of one of the city's founding fathers and the son of another of the city's leading businessmen provided support during crises. Through the county prosecutor and members of the city council, the two were able to enhance their already substantial family fortunes by buying and selling real estate. They invested in loan companies (at least one of which loaned money exclusively to racketeers or people wanting to start businesses such as taverns and cardrooms), from which the crime network took a cut and other business ventures which, "as luck would have it," always netted a high profit on a small investment. The investors were able to turn a hefty profit by investing in an amusement company, which declared bankruptcy and was subsequently found by the court to have committed criminal fraud. Several properties purchased by the investors were, soon after purchase, sought by the city or state, and the price was greatly increased.

There were also opportunities to invest in new business; for example, a new hotel inevitably turned a very high profit to the investors and further indebted them to those members of the network who had recommended the investment. Whether or not those respectable businessmen knew why the investment was so profitable is a moot point. The procedure was so obvious, however, that one must either question their business acumen or assume that they were knowledgeably engaging in fraud.

Over the years the city's and state's most influential banks, newspapers, corporate executives, and private citizens became indebted and embedded in the web of criminal activities organized and coordinated by the network. Exposure of the system was thus effectively squelched: the perpetuation of key people in office was assured and the power to appoint political candidates and key government officials (such as judges, licensing-bureau chiefs, and law-enforcement personnel) was increasingly invested in the hands of network members.

The County Prosecutor

American law is such that the prosecuting attorney sits in a central position of influence over criminal activities. The prosecuting attorney is also a politically elected official, who must therefore depend on the support of many people in order to obtain and hold his position or use the position as a stepping stone to higher political aspirations.

For an offense to move from arrest to consideration by a court it must pass through the prosecutor's office. At this stage of the legal process the case can move in three possible ways: indictment, information, or complaint.

In general, all three possibilities hinge on the prosecutor's willingness to proceed. An indictment is a finding by a grand jury that there is probable cause to believe that the accused committed the crime charged. Since there is no defense before a grand jury, the grand jury considers only the evidence presented by the prosecutor. It is a rare grand jury that defies the prosecutor. An information is a charge of criminal offense filed by the prosecutor on the basis of his own determination of probable cause. A complaint by a citizen charging a person of criminal offense in most states cannot be heard in court but must be made to the prosecu-

tor. The prosecutor stands astride the criminal process, controlling the gates that lead to the trial court.

The articulated norms for police conduct require the police to enforce every violation of the law. Judges, too, are not formally in the position to dismiss a charge, or, if the accused is proven guilty, to find the accused not guilty, although they are given vast powers of discretion in the choice of sentence. Of the three principal actors in a criminal prosecution, the prosecutor alone is to decide formally whether or not to enforce the law and the degree of crime with which to charge the offender.

In England the power of prosecuting criminal cases was originally, and remains in theory today, largely lodged in the hands of private persons, who are not compelled by law to initiate such prosecution initiated and carried on by the sovereign power.

In the United States the office of the public prosecutor was grafted onto the traditional system of private criminal litigation. The public prosecutor thus assimilated the functions of the private prosecutor, and just as the private prosecutor had discretion whether or not to prosecute, so the public prosecutor was endowed with the same discretion. The prosecutor's discretion is almost unlimited.

As a general rule, whether the state's attorney does or does not institute a particular prosecution is a matter which rests in his discretion. Unless the discretion is grossly abused or such duty is compelled by statute or there is a clear showing that such duty exists, *mandamus* will not lie.⁹

That is, a court will not issue a writ compelling the prosecutor to prosecute.

His discretion is almost as broad if he wants to decline to prosecute a charge already laid. In some states there are no

limits placed on the prosecutor's discretion to stop a prosecution. In most states, however, a small element of judicial control is inserted into the process by permitting the prosecutor to initiate prosecution but requiring judicial approval for a withdrawal of the charges. In fact, however, as in the case of the decision to prosecute, the prosecutor's decision not to prosecute is an enormous power in the hands of one public official.

Prosecuting attorneys do not achieve that office by being neutral and uninvolved in politics. On the contrary, a prosecuting attorney must be nominated by his party, financed by people with money, supported by newspapers, and helped out in times of crisis by influential citizens. The prosecutor is in a position where he or she virtually controls one of the largest industries in the state. At his or her discretion in Seattle was the life or death of a hundred-million-dollar business. It is in the prosecutor's interest to encourage, but at the same time control within certain limits, that kind of industry. Not surprisingly, most prosecutors manage the industry at least to some extent.

The interests of the network become the interests of the individuals and groups who occupy key positions for the network's survival and health. There are, however, forces at work which counteract the shared interests. Although the overwhelming tendency is toward cooperation, there are countervailing forces which tend toward dissension. It is simply impossible for any organization to be so effectively integrated with the individual interests of all its members that conflicts do not arise.

The operation and maintenance of a crime network is no different from the maintenance of social order everywhere. Year in, year out, the leading business people, newspaper people, politicians, law enforcers, cardroom operators, and truck drivers did their job, took their pay or their payoff,

and went on vacation. Some got ulcers, some felt guilty, some enjoyed every moment of it. They all shared in the complicity of silence that kept the “good citizens” satisfied that law and order prevailed in their corner of the world. Indeed it did for the bulk of the population, who lived in the middle- and upper-class suburbs that encircle the business district where they worked and the slums where the surplus labor force existed.

Over the years there were innumerable incidents that necessitated the use of various mechanisms of social control by members of the network, which included some instances where the ultimate force—murder—was used to solve a problem.

In the late sixties the network was threatened with exposure and dissolution. One of the key figures in the probe of network activities was Ben Cichy, the pinball czar and head of the Far West Novelty Company who was photographed as he entered Prosecutor Charles O. Carroll’s home. Ben Cichy, who was an excellent swimmer according to his family and friends, drowned in May 1969 in front of his palatial lakeside home.

Earlier, in March of 1964, Marvin Stenholm, a former police officer and later a chief investigator for Prosecutor Carroll, drowned while on a fishing trip. It was the opinion of several people close to the top of network enterprises that Stenholm was killed because he was threatening to expose the network.

An attorney, said by many insiders to be one of the “nastiest men alive” and one who was closely allied with illegal businesses, was with his girl friend when she fell out of the window of an apartment building. She died.

In each of these and several other instances, the King County medical examiner, who was the brother-in-law of the county prosecutor, found that the deaths were acciden-

tal. The people of First Avenue took these deaths as a warning not to talk to reporters, sociologists, or anyone else “nosing around.”

Over the years the network was responsible for the deaths of many people. Drowning was a favorite method of eliminating troublemakers, because it was difficult to ascertain whether or not the person fell from a boat by accident, was held underwater by someone else, or committed suicide.*

Some deaths were arranged in more traditional ways. One man was shot during an argument in a bar. The offender was tried before a judge who consistently showed great compassion for any crimes committed by members of the network. He compensated for his leniency with network members by being unusually harsh in cases against blacks who appeared before him. The case was dismissed for lack of evidence.

Murder is not, however, the preferred method of handling uncooperative people. Far better, in the strategy of the crime network, are the time-honored techniques of blackmail and co-optation. The easiest and safest tactic is to purchase the individual for a reasonable amount, as was attempted with MacDaniel. If this fails, then some form of blackmail or relatively minor coercion may be in order.

A candidate for sheriff was strongly supported by the network in his bid for office. Campaign contributions were generously provided since he was running against a local lawyer who was familiar with the goings-on of the network and had vowed to attack its operations. The network's candidate won the election—network candidates almost never lost local elections—but underwent a change of heart shortly thereafter. He announced, in no uncertain terms,

* According to one informant, “Murder is the easiest crime of all to get away with. There are one hundred and one ways to commit murder that are guaranteed to let you get away with it.”

that he would not permit the operation of gambling houses in the county, although he did not intend to do anything about the operations within the city limits, since that was not his jurisdiction. Nevertheless, the county, he insisted, would be kept clean.

The network was as annoyed as it was surprised. The county operations were only a small portion of the total enterprise, but they were nonetheless important, and no one wanted to give up the territory. Further, the prospects of closing down the lay-off center operating in the county was no small matter. The center was crucial to the entire enterprise, because it was here that the results of horse races and other sports events came directly to the book-makers. The center also enabled the network to protect itself against potential bankruptcy. When the betting was particularly heavy in one direction, bets were laid off by wiring Las Vegas, where the national betting pattern always takes care of local variations. Clearly, something had to be done.

No man is entirely pure, and the new sheriff was less pure than many. He had two major weaknesses: gambling and young girls. One weekend, shortly after he took office, a good friend of his asked if he would like to go to Las Vegas for the weekend. He jumped at the opportunity. While the weekend went well in some respects, the sheriff was unlucky at cards. When he flew home Sunday night, he left fourteen thousand dollars' worth of IOU's in Las Vegas.

Monday morning one of the network "players" visited the sheriff in his office. The conversation, according to someone who heard it, went like this:

Player: "Say, —, I understand you was down in Vegas over the weekend."

Sheriff: "Yeah."

Player: "Hear you lost a little bit at the tables."

Sheriff: "Uh-huh."

Player: "Well, the boys wanted me to tell you not to worry about those pieces of paper you left. We got them back for you."

Sheriff: "I don't. . . ."

Player: "Also, —, we thought you might like to have a memento of your trip, so we brought you these pictures. . . ."

The "mementos" were pictures of the sheriff in a hotel room with several young girls. Thereafter things in the county returned to normal.

It should be noted that the sheriff was *not* kept in line by the threat of exposure alone. He was, in fact, subsequently placed on the payroll in the amount of one thousand dollars a month. When his term as sheriff was over, an appointment was arranged for him wherein he could continue to serve the network's interests.

Threats from outside the organization are rarer than threats from within. Nevertheless, they occur and must be dealt with in the best possible way. Since no strategy exists, each incident is handled in its own way. During Robert Kennedy's days as attorney general of the United States, the federal attorney for the state began a campaign to rid the state of the members of the crime network. People who held political office were generally immune, but some of the higher-ups in the operational section of the network were indicted. Ultimately, five members of the network and David Beck of the Teamsters were sentenced to prison. The entire affair was scandalous; politicians whose lives depended on the network fought the nasty business with all their power. They were able to protect major leaders and to avert exposure of network-affiliated politicians. Some blood ran, however, and it was a sad day for the five sentenced to

prison terms. Yet the organization remained intact, and, indeed, the five men who went to prison continued to receive a share of the profits from illegal enterprises. Corruption continued unabated, and the net effect on crime in the state was nil.

While I was digging and delving into the business of crime in Seattle, the waters that surrounded the entrepreneurs who profited most were relatively calm. Still, the fact that a “professor” was inquiring into things that were “none of his damn business” was potentially upsetting to some. Upsetting enough to want to cool me out. The easiest way to cool someone out is to find something that can be used against him.

One night I was sitting in one of the higher-class bars owned by a prominent member of the crime network when I was approached by a beautiful woman who offered to buy me a drink. I accepted. As we chatted, she became ever more friendly, until at last she offered to take me home with her. I declined. Within a few minutes another equally attractive woman approached, and the scene was repeated. A good friend told me several days later in a casual manner that I was being set up that night for a possible “photographic session,” which, some people believed, would have rendered me vulnerable to blackmail.

That same year I was called by the Internal Revenue Service, and my income-tax return was gone over very carefully. I later learned that the IRS had received a “tip” from someone in government that I was hiding substantial portions of my income. In fact, there had been an error on my return which resulted in my receiving a small refund after the review.

My telephone was bugged, according to friends on the police department, and from time to time I was given a “tail” to find out to whom I was talking and about what. Nothing came of these things, although they did lead me to

take some precaution when I talked to people and to make sure that someone knew at all times where I was and to whom I was talking.

The mass media are, of course, always a potential threat to a crime network. Through favorable tax assessment, friendship, tips on good investments, and outright bribes, the local media were for the most part kept very much in line. However, late in 1967 a series of fortuitous events coalesced, which had the net effect of severely threatening the network's existence.

A new magazine devoted exclusively to the state began publishing. The editors were young, open-minded, and hungry for news that would bring their magazine attention. Simultaneously the city's second newspaper got a new managing editor who wanted to make the paper the city's best-selling one.

As it happened, these media people were looking for news just as there were some serious rifts in the network. The alliance between the county prosecutor, the police chief, and the ex-governor of the state had always been an uneasy one. In the late 1960s the alliance was showing one of its periodic strains, as different groups vied for more and more of the declining profits—declining because the economy generally was in the throes of a recession. The internal squabbles made for some rather seriously disaffected players. It was then a good time to recruit informers willing to talk to reporters.

Add to this the fact that quite by accident a scandal which began in Southern California revealed an interstate racket involving one of the network members, the county assessor, Tony Steen. A tax consultant had devised a scheme by which his clients in several states could get lower taxes. His clients paid him, and he in turn would bribe the appropriate people in his client's area. The appropriate

people, varied from city to city depending on how the political power was distributed. It could have been the county prosecutor, the tax assessor, the mayor, or even someone not in a political office.

As a result of exposure in California implicating Seattle, an audit revealed unusually low tax assessments for the past decade for many of the largest industries in the state—clients of the aforementioned tax accountant. The county tax assessor, who was taking payoffs, was discovered and indicted by a grand jury (only the second grand jury ever called by the county prosecutor during twenty-two years in office). This grand jury, it should be noted, was called only after the accountant's activities in Seattle had been revealed by an extensive investigation in another city.

The county tax assessor confessed, resigned, and was convicted. The prosecutor and the tax assessor spent most of the night before court locked up in the prosecutor's office. The newspapers described the arrest and grilling in a way that made it sound as though the relentless prosecutor had coaxed a confession out of the corrupt assessor during this marathon. In fact, according to a close friend of the tax assessor, he had never received the lion's share of the bribes but had only been following the instructions of higher-ups to lower the taxes on selected establishments. In their all-night discussion, the prosecutor promised that the assessor would not get a jail sentence if he confessed. The tax assessor confessed but was sent to prison despite the prosecutor's protestations to the court.

Thus it was that internal squabbles, inadvertent exposure of a network operation, and the birth of some ambitious news media coincided to weaken the association. It remained, however, for changes to occur in state and national politics before the network came unraveled.

CHAPTER SIX

The Network Comes Apart

IN THE FIRST few months of 1967 a leading newspaper in Seattle ran an article which claimed that some policemen were accepting payoffs from tavern owners. The article also claimed that these same officers were drinking and playing cards while they were supposed to be on duty. Similar allegations had appeared from time to time. It was one of the “facts of life” with which the network had to live. There was little need for deep concern. Attempts to expose more than this most visible, least important aspect of network operations had always failed. Enterprising journalists who had discovered systematic organization of the rackets and tried to have their materials published in either of the city’s newspapers inevitably had their materials thrown in the editor’s wastepaper basket and their assignment changed. There was no reason to suspect that the combination of friendships, business interests, and favorable tax assessments that had worked for years to control the newspapers would not work again.

It is not entirely clear why this time the newspaper published the article and gave it front-page notice. There were rumors that a tavern owner had complained to the police and the FBI that something was going to happen. The paper may have believed the rumors and responded to make sure it was not scooped by another paper.

There was a minor tremor among network members. There is always the possibility that a small flame may start a brush fire that will spread to the entire forest. The police department responded predictably. They announced that the recalcitrant officers had been reprimanded and given “new assignments.” Within the police department the sort of treatment the officers received was seen, however, not as a reprimand but as a clear sign that the network was still in power and protecting its own. The officers were *not* transferred out of the division responsible for enforcing the gambling and vice laws. They were merely moved to another assignment within that division, which means they could continue their previous practices in another area. The message was clear that this “change” represented a difference that made no difference.

The story was not followed up. The reporters who wrote the article continued to gather more information, but nothing more appeared. There was, however, an important move made by the mayor that would in retrospect prove to have consequences for the network.

According to people close to the mayor, he felt under pressure to “do something” because the announcement of reprimands and changed assignments had not placated “the public.” Whether someone was putting pressure on the mayor or if it was only his general feeling is unclear. In any event, he appointed a blue-ribbon committee to look into police corruption. The committee selected was handpicked by a major figure in the network and consisted of those

businessmen in the community who had been most closely involved with network operations and profits over the years. Two of the men were also from leading families in the city, and thus the committee had all the luster it needed. An attorney was appointed who had worked closely in an attempt to avert the prosecution of Dave Beck, the union official who had been indicted as a result of federal efforts several years earlier. The committee was, then, carefully screened to be sure it would do nothing to threaten the illegal association.

Not surprisingly, the committee seemed determined *not* to discover any payoffs. Their principal source of information was to come from a post-office box to which people could mail anonymous statements telling of police or government corruption. On the street everyone knew who was on the committee and who would be told if they gave information. Imagine also how meaningless anonymity is in such cases. Obviously anyone saying "I paid off so and so" would know that "so and so" would easily be able to identify him. To no one's surprise (except perhaps a few naive observers), the committee reported that they had received "very little" mail. This fact was used as evidence that there was little or no corruption among the police. The committee also interviewed twenty-five tavern owners, all of whom denied any system of payoffs, and a number of police officers, who denied doing anything wrong. The committee closed with a whitewash and a recommendation that the city ask the International Association of Chiefs of Police (IACP) to conduct a study of the police department.

The mayor thanked the committee and reiterated their findings to the press and public. The mayor asked the IACP to look into the police department. Late in 1967 a team of IACP investigators came to Seattle. They were in the city only a short time, but it was long enough for them to dis-

cover the extensive payoff system operating in the police department. As a result of their investigation they acted according to the first law of police work: they protected their brothers in blue. The IACP team issued a public report in February 1968 which said they had found only minimal payoffs isolated among a few "bad cops," the impact of which was trivial. This was the only report available to the press or the public. There was, however, another report for the eyes of a selected group of police officers only. The private version maintained that there was in fact an extensive payoff system involving several divisions of the police department (including the entire vice division) and centering around the coordination and imagination of the assistant chief of police, M. E. "Buzz" Cook. This report warned that unless the police did something to change these circumstances, a scandal was almost certain. It recommended that the centralization of power in the hands of the assistant chief of police be broken, and that four separate but equal divisions be assigned different officers each with the power to control his own division and report directly to the chief of police. The IACP also recommended that assistant chief of police Cook be asked to resign or be demoted. Instead, somewhat later Buzz Cook was appointed acting chief of police. But that gets us ahead of the story.

The IACP report that was made public also recommended that the police department be reorganized. It noted that, as presently organized, the police department power was heavily concentrated in the hands of the assistant chief, to whom all lower-level officers had to report.

Whatever furor might have been left from the relatively innocuous, and certainly understated, article in the paper about police payoffs was sufficiently defused by the IACP report. The pressure was thus taken off the police. Report-

ers continued to “discover” payoffs and corruption. Editors continued to refuse to publish their findings.

Until . . .

A new editor came to Seattle and took over the editorship of the city’s second newspaper: second in sales, second in advertising, second in reputation. One of the older reporters went to the new editor with information about corruption implicating the county prosecutor, Charles Carroll. The editor decided to publish it. Without consulting the owner of the paper, he ran an article that showed the prosecutor meeting in his home with Ben Cichy. The article claimed that the pinball magnate went to the prosecutor’s home on the first of every month. The implication was that the prosecutor was being paid off to permit pinball machines to operate. The reporter claimed to have much more evidence implicating the prosecutor in a variety of criminal acts, but newspaper lawyers advised that the accusations might be libelous. Only a relatively safe and unaccusing article was published, along with a photograph showing Cichy on his way into the prosecutor’s lavish home in an exclusive residential area of the city.

When this article appeared with the picture, was there a great hue and cry from “the ruling elite” of the city? Was there a call from politicians or law-enforcement people for an explanation from the prosecutor? Was there anything said that called for an explanation as to why the county’s leading law-enforcement officer met monthly with a known gambler?

On the contrary, leading citizens spoke vociferously in defense of the prosecutor: the same true blue citizens who were business associates, the same citizens who had sat on the mayor’s blue-ribbon council to look into allegations of police corruption. Instead of asking for an explanation, they attacked the newspaper for engaging in “yellow

journalism.” The prosecutor threatened suit and explained only that he and Cichy got together once a month because they shared an interest in classical music.

The newspaper received “stacks of indignant letters.” The county prosecutor, Charles O. Carroll, was defeated in the next election. The newspaper’s lawyers, however, put the publisher under pressure. “That was the beginning of the end for me at the P.I.” he said. “I almost quit then.” He and the reporter who wrote the original story resigned shortly thereafter.

A group of Eastern-educated, ambitious, and enterprising young men had just moved to Seattle and had been appointed editors of a local magazine being established by one of the leading broadcasting corporations in the city. *Seattle* was attempting to make a mark on the publishing world by showing that a local magazine outside New York City could be profitable and innovative. The smell of scandal attracted the editors like death attracts poets. They pursued the rumors and leads collected earlier by the reports for the newspapers. They also contacted me and asked for an outline of what they called “organized crime” in Seattle. Without revealing the names of informants or jeopardizing people to whom I had an obligation, I outlined the system for them and also agreed to publish an article speaking generally about the tolerance policy and organized crime. The next issue of *Seattle* contained an article by the editor, my article on the tolerance policy, and a front-page editorial calling for the prosecutor’s resignation.

Result: some major advertisers cancelled their advertisements, newsstands refused to sell the magazine, the owners of the magazine put pressure on the editor, revenues declined, the prosecutor threatened suit, the business community attacked the magazine, and in the end the magazine went out of business. This was not solely because

of its attempt to expose the crime network but that was a major reason for its demise.

Interestingly, the prosecutor was especially concerned about the article I wrote for the magazine. He found out about its pending publication and threatened suit if the editors published it. How he discovered the existence of the article is still a mystery but does indicate the extent to which he controlled many facets of the city. Only the managing editor, an associate editor, and the secretary to the managing editor were aware that I sent an article to the magazine. The article went by air mail, registered, from Santa Barbara, California. The magazine received a telegram from the prosecutor which threatened them with a libel suit if they published the article before they even received it.

The prosecutor survived this attack, as he had many others over the years, with the complicity of many and the active aid of a few leading citizens. For the moment the prosecutor and the crime network had weathered the storm.

In retrospect these early, halting efforts to bring the network to an end were the first breeze of what would become a major hurricane. The first, ineffective efforts by the media demonstrate the inability of the media to serve as a guardian of public morality among politicians and law-enforcement people. Indeed, the only real threat to an association of illegal businessmen comes from competitive forces amassing sufficient power to overthrow them, not from public exposure.

The Network and Political Alliances

The political party composition of Seattle's crime network was a coalition of strange bedfellows. For years the state government had been controlled by Democrats. On

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PETER BUNZEL, OLR OO NOT PHONE

PUBLISHER SEATTLE MAGAZINE

WESTERN UNION
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WE HAVE ADDITIONAL INFORMATION CONCERNING CONTENTS OF SEPTEMBER
ISSUE. IT NOW APPEARS THAT YOU ARE PUBLISHING AN ARTICLE BY A
SOCIALIST CONCERNING THE ROLE OF PROSECUTING ATTORNEYS IN
RELATION TO POLICE DEPARTMENTS AND OTHER PUBLIC OFFICES AND THE
CONTENT OF THE ARTICLE IS DEROGATORY TO PROSECUTING ATTORNEYS.
IF THE INFORMATION IS ACCURATE YOU ARE MANIFESTING YOUR MALICIOUS
INTENT BY PUBLISHING IT IN THE SAME ISSUE WITH THE ARTICLE ON
ME AND THIS OFFICE

CHARLES O CARROLL

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the state level network members were Democrats, and funds from illegal business activities were used to support Democratic candidates, including U.S. senators and congressmen. Seattle, however, was largely Republican for over thirty years. The mayoralty was nonpartisan in principle but Republican in fact. The King County prosecutor was a right-wing Republican of long standing. He was also the major power in city and county Republican Party

organization with, of course, the support of leading businessmen.

There was strong local representation of the Democratic Party in the network. Union officials instrumental in network affairs were Democrats as were the sheriff and several other leading figures.

When it came time to utilize profits for political campaigns, the spoils divided according to control. With businessmen and the leading city politicians involved in illegal activities supporting Republicans, the Republicans got the lion's share. In the county the Democrats were better off (with respect to the contributions from illegal profits), as they were on the state level.

There was, then, an uneasy alliance between right-wing Republicans and Democrats, who shared management policies and competed for political control of the state and local governments. It was a widely based spectrum, which is in part the reason why it survived so long with such stability of investment and profit. There was, however, one political group clearly left out, the liberal-to-moderate wing of the Republican Party. The late 1950s, early 1960s was not a good time for this brand of Republicanism. Barry Goldwater, whom the leading local Republicans supported for the nomination, ran for the Presidency in 1964. It was a time for regrouping among moderate and liberal Republicans.

Within the state of Washington the governorship, both U.S. senators, and the statehouse were, and had been, controlled by Democrats for many years. The Democratic governor, who had cooperated with and supported members of the crime network throughout his tenure in office, was defeated in 1964 by a Republican who clearly divorced himself from the national policies of Goldwater. He also clearly divorced himself from that wing of the state and local Re-

publican Party controlled by the county prosecutor and his business associates. The new governor's power was limited, however, because he inherited a Democratically controlled house, two Democratic U.S. senators, and even a Democratic attorney general. Not surprisingly, he made only minor moves to undermine the power of the local Republican Party during his first four years.

The election of 1968 shaped up as an exciting one. The attorney general of the state, John O'Connell (a Democrat), ran for governor against the incumbent Republican, Dan Evans. He needed campaign issues, however, if he were to win the election. He found one in the corrupt politics of Seattle. As attorney general, he needed the governor's request to investigate corruption on the local level. The governor refused to request an investigation. The attorney general made this an issue. He accused the governor of hiding something. He made it sound as though the governor were protecting "organized crime." In a "White Paper To the People of Washington" (see Appendix F for an excerpt from this paper) Attorney General O'Connell wrote:

On Wednesday, August 21, the *Seattle Post-Intelligencer* disclosed that an official of the Far West Novelty Company* had been a regular visitor at the home of King County Prosecutor, Charles O. Carroll, once a month at about the same time each month. Far West Novelty Company is the association of county pinball operators which has held the only master license issued for pinballs in King County since 1942. . . .

The same day, August 21, I conferred with members of my staff who were generally familiar with allegations concerning a possible breakdown of law enforcement in King

*The attorney general's White Paper is in error by referring to this as the Far West Novelty Company. The correct name is The Amusement Association of Washington.

County. . . . I concluded that there was a distinct possibility that a number of the state's criminal laws were not being properly enforced in King County (especially those relating to gambling and prostitution) and that there were also indications of a system of payoffs to public officials.

State law . . . gives the attorney general power and duty, upon written request of the governor, to investigate violations of the criminal laws of this state to determine if those criminal laws are being improperly enforced in any county.

However, as Attorney General O'Connell pointed out in this White Paper, Governor Evans failed to give him a "written request" to investigate the allegations. Astute political observers sensed that O'Connell's campaign was gaining ground, that the attorney general was embarrassing the governor and appealing more and more to the voters, although throughout the campaign the incumbent governor stayed several points ahead of the challenger in public opinion polls.

The attorney general appointed two special investigators to report directly to him their findings of corruption in law enforcement and politics in Seattle. They reported a great deal more than the attorney general had expected. Among other things they informed him that one of his closest and most trusted political allies in Seattle, the King County sheriff, was enmeshed in the crime network.

As the investigation was peaking, a curious thing happened. Two reporters from the city's leading newspaper who had themselves unveiled extensive information about crime networks in Seattle discovered a line of credit the attorney general had been given with which to gamble by a Las Vegas hotel. The check was for ten thousand dollars, a substantial amount of money for someone on an attorney general's salary to be gambling with in Las Vegas. No

wrongdoing was ever uncovered, and it never came out* exactly how the reporters for the *Seattle Times* discovered that Attorney General O'Connell had obtained a ten-thousand-dollar line of credit at a Las Vegas hotel.

Was it mere coincidence that the two reporters who revealed this information had for several years been investigating and gathering substantial information about Seattle's crime network? They never published most of the information they gathered. Their first and only major scoop in connection with corruption and vice in Seattle was the information which implicated the attorney general.

The stigma of the line of credit was enough to ensure a victory for O'Connell's opponent. The people of Washington chose a man who refused to request that the attorney general investigate the alleged corruption and payoffs in Seattle over a man who had obtained a ten-thousand-dollar line of credit in a Nevada hotel and whose campaign manager for King County was one of the chief targets of the payoff scandal. The people of Washington were offered no middle ground between those two extremes.

Meanwhile, Richard Nixon was elected President in a campaign against Hubert Humphrey. The American people were offered no middle ground either.

The Republican governor (a moderate Republican) and the county prosecutor, although of the same party, were arch enemies. Neither supported the other in his political campaign. In the 1968 election their enmity became increasingly public. Furthermore, at the 1968 convention the prosecuting attorney had openly supported Ronald Reagan against Nixon. The governor had supported Rockefeller but was much more congenial to the Nixon nomination. With Nixon's election and the governor's reelection, the

*One informant reported to me that the reporters received the "tip" on O'Connell's line of credit from the chairman of the state GOP committee.

time was right for an attack on the network, which played into the hands of political interests in opposition to those presently in power.

The U.S. Attorney Cometh

One of the prerogatives of office for a President is the right to recommend to the Congress hundreds of prestigious, high-paying government jobs. Among the appointments at the discretion of the President are the U.S. attorneys, who sprinkle the land. As with any law-enforcement officer, the incumbent in these positions may use his discretion to enforce the law in a variety of ways depending on the political and economic forces impinging upon him (or her in those rare instances where a woman is appointed).

When Richard Nixon was elected following a reign of Democrats, the privilege of appointing U.S. attorneys was his. Crime networks everywhere held their breath. And well they should have, for Nixon was well aware (a) that crime networks are an important source of political money, (b) that these networks were more often than not sources of Democratic campaign contributions, and (c) that a U.S. attorney who was properly (from Nixon's perspective) diligent could break the stranglehold the Democrats had over big-city crime networks. Especially if, as was to come to be, new legislation were introduced making it possible for the U.S. government to actively prosecute local corruption, something which until 1970 was impossible by federal law.

An outside observer might well have anticipated that the Nixon appointee would be one who would be free from local Republican Party influence since the local party was dominated by anti-Nixon forces; it was therefore essential that the network organize an effort to have a "friendly" U.S. attorney appointed. They chose as their nominee a

man who had served as assistant prosecuting attorney and who was known by them to be someone who “understood local problems” such as the tolerance policy.

The governor had other ideas. He too knew the importance of the U.S. attorney and he wanted to break the network’s stranglehold on Seattle politics. So did the people in the White House, one of whom, John Ehrlichman, had been closely associated with the political and economic features of the network before moving to Washington.

There ensued a battle of considerable proportions, although it was a battle that went on quietly so far as the public was concerned. The governor recommended a man who was prosecuting attorney of a rural county in the state. He was young, ambitious, and in the right part of the Republican Party, that is, the governor’s camp. He also had spoken out at a state prosecuting attorneys’ convention in opposition to the tolerance policy.

The most active members of Seattle’s crime network worked diligently for their nominee. Two leading network businessmen flew to Washington, D.C., to enlist the aid of the Republican congressman from the state, a congressman who had spent large amounts of money to gain his victory. He strongly supported the crime network’s nominee for U.S. attorney. They also contacted a White House adviser with whom they had some influence. The message was the same: convince Nixon to nominate its candidate for U.S. attorney.

The governor was also actively pushing for his candidate. When it became clear to the county prosecutor that his candidate was unacceptable, he offered to withdraw his nominee if the governor would do likewise. The governor refused. Nixon appointed the antitolerance-policy, liberal Republican from the rural county as U.S. attorney, and the walls of the network began to crack noticeably.

Meanwhile, the police department was reorganized. As recommended, the new organization created four bureaus within the police department each with its own assistant chief who reported directly to the chief of police, Frank Ramon. To give the change substance and to convince the skeptics that there really was reform in the department, two of the assistant chiefs chosen were among the most respected police officers on the force: at least one of them, Tony Gustin, had in his twenty-year career on the force remained completely aloof from the payoff system. As a result he had spent most of his career in the juvenile bureau and other branches of the department where payoffs were nonexistent and where he could not interfere with the payoffs of his colleagues. Two of the other assistants, George Fuller and Buzz Cook, were not as clean as Gustin but they were nonetheless as uninvolved as anyone. George Fuller had completed his master's degree in sociology at the University of Washington and therefore brought some added credentials to the reforms. The centralization of authority in the hands of the assistant chief of police thus was eliminated.

As if that were not enough, the state attorney general, who was a Republican, for the first time also began a war against the network. He had replaced the Democratic attorney general who had run for governor and been defeated. One of his first rulings as attorney general was to declare the licensing of pinball machines illegal. Perhaps because of their visibility, pinball machines have always been a favorite target of people attempting to reform illegal business enterprises, although pinballs are of minor importance compared to the annual profits from bookmaking, high-stakes poker, drug importation, and so on. Nevertheless, the new state attorney general was advised to attack pinballs, and he did.

Within the police department there was a predictable response to these political machinations taking place outside the department. Without articulating or even understanding the implications of the storm being created by the loss of control of critical offices, police officers began lining up on different sides. The old established network bagmen were too entrenched to change. A few officers who had either been only tangentially involved or been uninvolved could shift and maneuver. It was "in the air" that the outcome of all the changes would be a new police chief. Choosing the right side in this fracas would be crucial in determining whether or not one had a chance of becoming chief. After the reorganization of the department two of the assistant chiefs began what came to be called a "palace revolt." Most important was an idealistic officer who in his capacity as head of a bureau began briefing selected members of the city council (people he thought to be uninfluenced by criminal activities) and the press. Knowledge may not be power, but at some point in the political infighting the public exposure of inside information can be a powerful weapon. The media were being carefully and intelligently informed and primed for the right moment. The price the media people had to pay for receiving this inside information was cooperation. They would not release information until the cooperative police officers were ready, lest they explode the plans too early and destroy the chances of "reform." Ironically, it was in part the same argument, and the same technique of control (giving inside information to selected reporters who will reveal only what the police want revealed as the price for this inside information), which had enabled the crime network to survive with minimal publicity for as long as it did.

Within the network itself the cracks grew wider. Newspaper, radio, and magazine publicity increased. The U.S.

attorney, who openly opposed the tolerance policy, was the political enemy of the county prosecutor. The state attorney general had refused to permit the continued licensing of pinball machines. Investigators were scouring the bushes for informants, for someone on the inside to turn state's witness in return for immunity from prosecution. The police department organization was being shaken.

Ben Cichy drowned beside his house next to his fifty-five-foot, twenty-nine-ton seagoing yacht. On the day he died Cichy had two appointments. The first was with two of the network's most trusted members, a former assistant prosecutor and an undersheriff in the county sheriff's office. The second appointment was with a special investigator whose evidence had been crucial in developing the case against the crime network. Cichy's death was seen by network members from top to bottom as a desperate move on the part of desperate men to keep the cracks in the wall from destroying the foundation. But it was too late. The foundation had already been moved. The revolution had already begun, and there was no stopping it.

In July 1969 the city council voted to end the tolerance policy. This was an interesting piece of "legislation" in view of the fact that the policy was originally established not by vote but by fiat. Regardless, the vote did have the effect of publicly declaring that the old system was dead.

Police Vibrations

It will be recalled that, as a result of Mayor Braman's invitation, the International Association of the Chiefs of Police did an investigation of the Seattle Police Department. Their public statement suggested only minor difficulties with a few isolated police officers taking small

payoffs. Their full report, however, which was given to only a very few people in government and in the police, suggested much greater potential problems.

To break the payoff system in the police department required that police officers who were not involved be willing to take some risk. In a police force where payoffs had been funneled from bottom to top for over fifty years, this was not an easy task. When the police department was reorganized along the lines suggested by the IACP, Tony Gustin became head of one of the four divisions.

Gustin began immediately to transfer anyone he knew to be collecting payoffs. He also assigned into his division men whom he believed he could get to close down gambling establishments. They had orders to begin slowly and in the safest areas; predictably they began harassing and arresting gamblers and whorehouse operators in the black ghetto.

Things grew more and more tense. Efforts were made to get Gustin transferred out of the division. But he wisely allied himself with some newsmen and an investigator from the attorney general's office. It would be dangerous to try to oust him when he was only doing his job and had support from some powerful interests. With the state attorney general investigating as well as the U.S. attorney, it was clearly a time to try to let things cool off rather than heat them up by firing a "good cop" or letting more dirty linen get aired in public.

Gustin grew bolder. It became clear that hard evidence against some of the leading network politicians and policemen was necessary. Charlie Berger, who owned the Lifeline Bingo Club, kept extensive records including a mutilated check made out to the county prosecutor for five hundred dollars, which the prosecutor had sent back to Berger uncashed.

Investigators for the attorney general had developed a substantial amount of information connecting Berger with gambling and with payoffs to police and politicians. Compared to many of the other illegal activities known to Gustin and the investigators, the bingo operation was relatively inconsequential. Yet what was needed was some evidence of gambling and payoffs that would stand up in court.

In August 1969 Gustin met with a newspaper reporter and a special investigator for the attorney general. The three of them went to a quiet bar and discussed the possibilities open to them for exposing the payoff system and particularly for forcing some of the key players in the police department to resign. Over several of “the strongest Scotch-and-sodas I’ve ever had in my life” (as one of them recounted the meeting) it was decided that the Lifeline Bingo Club would be the target of a raid.

There was of course considerable risk in such a move. If it backfired, if the records that were alleged to be there were not, or if the entire operation could later be painted by the higher-ups in the police department as merely harassment of innocent citizens by overzealous moral entrepreneurs, then the entire effort might go for naught. The three people felt that with their own strengths—the investigator’s thorough knowledge of the club and its operation, the newsman’s ability to influence media coverage, and Gustin’s ability to pull off the raid—they stood a good chance.

At the time this decision was made the bingo clubs in the city had been temporarily closed down. Berger, among others, was putting pressure on the police to allow the clubs to reopen. Gustin was confident that the assistant chief, Buzz Cook, would give the word to reopen the clubs soon:

So it was decided to do it. We would justify the raids on the grounds that we know the records are there. Now we sit back and wait for Buzz to open them up, and then we get an

agent inside several times, prior to the raid, to determine that gambling is being conducted, somebody to go out and get an affidavit to get a warrant. And we take them.

The completion of the operation required a certain amount of intrigue. Few of the police officers could be trusted. Gustin enlisted the aid of George Fuller. Together they planned a deceptive maneuver. He brought into the "inner circle" one person who was tangentially involved in the payoff system. To him and others Gustin announced that there would be a raid of the Alpha Bingo Club. Fake plans were drawn and left in desks overnight, desks known to be rifled every night and the information contained in them passed on to the assistant chief of police. Only a few trusted people knew where the raid was actually to occur. After several weeks of such planning and shenanigans, Gustin gathered thirty-five policemen together and prepared for the raid.

The invading force dressed in slickers and First Avenue garb. Thirty-five clean-cut policemen gathered at a predetermined spot and were told, only then, where they would go. With Gustin and the special investigator in the pack and the reporter following, they walked like an ill-trained army through the rainy streets of the skid row area of the city.

They went quickly up the back stairs of the bingo club. The owner of the club couldn't believe it, nor could the elderly men and women with their strings of ten-cent bingo cards, when the lieutenant in charge strode across the floor of this den of iniquity, took the microphone from the hand of the caller, and announced, "You are all under arrest."

Gustin chose a time of day when there would be the fewest people playing. He was after the records and the proprietor, not the good citizens. Still, at the time of the raid there were over eighty elderly women in the place.

The police issued all of them traffic citations for being in a place where gambling was occurring. It must have been far more excitement than anyone had bargained for. Suddenly the bingo players with shopping bags were criminals. What would they tell their sons and daughters?

The owner of the club and ten employees were arrested. The employees all spent the night in jail. The establishment newspaper used this as a central issue to discredit the raid. The chief of police tried to cover for himself and for the crime network (in that order). He criticized the police officers and especially Gustin. He emphasized the irregularity and inhumanity of locking in jail ten women who "had children and families," who only ran the lunch counter and called the bingo games. It was a poignant issue and a clever diversionary tactic that might have worked under normal conditions.

Normal conditions were a time when the network still had control of the support it had always relied on in crises: businessmen to issue public statements of support, U.S. and state attorney generals to provide countervailing information and evidence. But these sources of control were either split or frightened. The police chief was left alone in his efforts as people began trying to hide their own trails and let someone else take the blame.

The pressure on the chief was horrendous. The prosecutor, who had a private line to the chief's office (a number known only to the chief's wife and the prosecutor), demanded that the chief get the department under control. City council members were screaming likewise. The prosecutor was, in turn, getting calls from all over town asking, "What the hell is going on?"

At one point the chief of police stood up at his desk in front of a reporter, a reporter who had interviewed him hundreds of times over the past five or so years, and the chief began emptying his pockets of everything—keys, wal-

let, notepaper. He said, "Look, Ron, I never got a dime. I don't care what anybody says, I never got a goddamn dime."

In fact, the chief of police was not stretching the truth too far. He had received a lot of free whiskey, Christmas presents, and a job he liked. But in comparison to those who organized and coordinated the payoffs within the police department, the chief never did profit very much from his cooperation. He had kept his job, which was more than he would be able to say a month later.

The chief left town. Wisely or unwisely, he went to an IACP meeting in Miami. Ironic—Miami is one of the most thoroughly corrupt cities in America. Ironic—the IACP meeting in Miami was filled with lobbyists from organized crime networks from all over America. Ironic—the IACP had issued a report to the public saying Seattle had a clean police force. Ironic—the IACP had warned that if the assistant chief was not neutralized there would be a scandal. Ironic—the IACP had recommended a change in the structure of the police department which made possible the Gustin raid on the bingo club. When the forces of change that emanate from higher powers are set in motion, even those who most want to protect the established relations end up playing into the hands of those who are moving the strings.

The chief was not the only one under pressure. Gustin's life was threatened. He had risked his career. He had violated one of the sacred norms of police work: at all costs protect your brothers in blue. Both of the people above him on the police force, the chief and the former assistant chief, would fire him outright if they could. His other less-direct bosses, the city council and the county prosecutor's office, were also out to have him fired or at least neutralized, which meant demotion at best. Once he had dealt the cards, his only option was to play out the hand.

Gustin had the support of the U.S. attorney and of the state attorney general, as well as the cooperation of several media people and some special investigators. It was a fairly weak, though not irrelevant, power base from which to try to manage the palace revolt.

There was, however, an alternative open to Gustin. He could join the network. He had the chance. A police officer linked with the network but still close to Gustin told him quietly that he had been instructed to offer Gustin forty thousand dollars if he would defuse the revolt. He refused. He also refused to reveal the source of the offer.

During the chief's visit to the IACP convention, Gustin and two other division commanders decided to confront the chief with allegations of corruption. The newspapers and other media were reporting part of the contents of the records found in the bingo club. They carefully screened the information to protect many people. There were cancelled checks in the safe that showed payments to state legislators, city councilmen, and many other people. This information was never fully made public. Bits and pieces of it were unclear enough for them to start looking out for their own interests first and other people's second.

When the chief of police returned from Miami, Gustin called him and asked him to come to his office. He did. With the aid of other police officers, Gustin gave the chief a military-style briefing on corruption in the police department. The chief was, of course, fully aware of all these things. Indeed, everyone knew that everyone knew. . . . Finally the chief asked what they wanted of him. One high-ranking officer (who had himself participated in payoffs from time to time), according to one of the people present, said, "What we're saying is that you are either a thief, a liar, or a fool. And I think I know which one of them you are."

Then an affidavit was presented, which was signed tes-

timony to the effect that the chief had received a large payoff from an illegal operation. When the evidence was presented and the chief's role in it spelled out, he said, in effect, "What do you want of me?"

Gustin replied, "I want a demotion to captain or I want you out." As a major in the department, Gustin was not civil service. This meant he could be dismissed or demoted at the discretion of the chief without cause being shown. But as a captain, a position Gustin held previously, he was civil service and therefore both his job and his pension were protected. Gustin quite accurately sized up his position and realized that either the chief had to go, or he had to get a secure position in the department.

Interestingly in this meeting all that the participants save one had in mind was to try to get the chief to cooperate with a thorough investigation of the department's complicity in the criminal network, with an eye to "cleaning it up." The one person who had a different idea was Gustin. He wanted the chief's resignation. He knew better than others that it was the chief or him. The others could have survived a reform program with the chief as head. But Gustin had already gone too far with his independent efforts to expose the system. He had to have the chief's resignation to protect himself.

Following the meeting with the chief, the group went over to the mayor's office; a representative from the city council was present at the meeting, and the group repeated the entire scenario outlining the police-connected criminal activities.

At the end of the meeting the mayor asked the policemen what had to be done. Gustin again supplied the answer: the chief had to go, or they all wanted to be demoted to captain.

The chief retired. The mayor appointed an acting chief of police. Whom did he appoint with the advice and

encouragement (one might say, demand) of both the King County prosecutor and the president of the city council? Assistant Chief of Police “Buzz” Cook, the man accused of being a key figure in the crime network, of course.

The division heads who had engineered the palace revolt let it be known to the acting chief they could not work with him. They forced him to resign too.

As in every other community, the police of Seattle had a “guild.” It was controlled by members of the network. The guild recommended that Frank Moore, who was the right-hand man of the former assistant and then acting chief of police, be appointed. The mayor made the appointment immediately.

Outside the police department the newly appointed U.S. attorney set to work to gather information and expose the network. He first contacted the local office of the FBI. Presumably the FBI is subservient to the U.S. attorney, but in fact it is highly independent. When the U.S. attorney contacted the agent in charge of the office who was responsible for Seattle, he was told that the FBI had too many other pressing things to do—watching student demonstrations, catching Communists, and the like. The U.S. attorney tried to pull rank but to no avail.

The U.S. attorney was not totally stifled, however, as he had been given the files collected by the state attorney general, who had wanted to use local corruption as a stairway to the governor’s mansion.

With the large body of information now available to law-enforcement officials on the extent of the crime network, even the newly appointed U.S. attorney was quickly convinced that a case could be developed against leading politicians and law enforcers.

The U.S. attorney called Washington, D.C., for support.

In particular he wanted to be sure that his bosses in Washington would not oppose his attack. They gave their approval. More particularly, he needed the help of the local FBI, and he hoped to get it by going to the White House. Attorney General John Mitchell, through his assistant, Richard Kleindienst (both of whom would later be indicted on criminal charges), assured the U.S. attorney of their support. Kleindienst personally contacted J. Edgar Hoover of the FBI, and instructions went out to the Seattle office to cooperate. As one observer put it, "After that [the U.S. attorney] was up to his elbows in FBI agents."

There remained, however, a major technical problem. There was at the time no suitable federal law under which a government or law-enforcement official could be indicted for permitting gambling, accepting bribes, corruption, or any of the offenses systematically committed by members of the network. Some gamblers, such as those operating bingo parlors and pinball machines and bookmaking operations, could be indicted for transporting or conspiring to transport gambling devices across state lines. But the purpose of the investigation was not to send some businessmen engaged in illegal businesses to prison; the purpose was to break the network. The strategy decided on was to call a grand jury and subpoena leading members. While the witness was on the stand before the grand jury, an attempt would be made to get the witness to perjure himself. The principal questions would be: "Did you know of the existence of a payoff system within the police department? Did you yourself ever accept a payoff from anyone?"

If the witness answered "No" to either of the questions and if the U.S. attorney could then get testimony from informants contradicting the witness's statement, then the witness could be indicted for perjury. On the other hand, if

the witness admitted knowing of or accepting payoffs, then this admission could be used as ammunition against the county prosecutor and others at the top of the network.

The U.S. attorney convened a federal grand jury. At the January session witnesses were called, and network members questioned. In the end only one indictment came out of the January session. An ex-sheriff, who had also served on the state parole board, was indicted for perjury. The February session of the grand jury culminated in indictments against three people for conspiring to transport gambling devices across state lines.

These indictments were a start. They fanned the flames and kept the issue alive. They warned network members that there was much danger afoot. Two people who were under questioning were killed. The police department palace revolt took heart, and even some of the most trustworthy network members secretly smiled at the realization that some of the worst of the city's finest might be in for a bad time.

The early indictments, however, only scratched the surface. To make sure that the network was broken, the U.S. attorney was well aware that he had to indict someone close to the top. A crucial election was pending for county prosecutor. If the incumbent prosecutor were reelected, the prospect for breaking the network would be severely threatened. If, however, the prosecutor could be discredited and defeated, then a new prosecutor might be elected who would "clean up the mess" by indicting people for violating the state and county laws against gambling, bribery, and corruption.

At the April session of the grand jury the U.S. attorney called as a witness Buzz Cook, who had been a key figure in the crime network within the police department for twenty

years. His testimony contradicted that of some key witnesses, and the U.S. attorney persuaded the grand jury to indict Cook for perjury.

They had indicted one of the police department's leading officers, a man who had served as acting chief on several occasions. These indictments put pressure on the county prosecutor to call a county grand jury to look into charges of bribery and corruption. To do so, however, would be very dangerous for the prosecutor in view of the possibility that such a jury might get out of his control. Not to call a grand jury or make any move whatsoever to investigate the allegations being made by the U.S. attorney would expose the prosecutor to severe criticism from the press, as well as from within his own political party. Politicians were quick to sense that the incumbent prosecutor's jugular was exposed, and several people, both Democrats and Republicans, immediately announced their candidacy for prosecutor.

There were, as we have seen, two main political factions enmeshed in the network: the prosecutor's right-wing Republican faction and the Democratic Party's statewide faction. When Assistant Police Chief Cook was indicted, a county supervisor immediately declared his candidacy for prosecutor. So too did a moderate Republican who was closely tied to the moderate Republican governor.

In the course of testimony before the grand jury not only was former Acting Chief of Police Cook implicated, but so too was the current acting chief, Frank Moore. Thus, in short succession following the chief's resignation, both of the next two mayor's appointees were also implicated in the payoff system in the police department. Acting Chief Moore resigned.

The mayor was unable to reach into the police depart-

ment without taking a great risk. He had already appointed two known members of the network. He, therefore, was under considerable pressure not to make the same mistake again. There were no candidates inside the police force that were both safe from possible indictment by the grand jury and supported by a powerful segment of the police. The mayor, therefore, selected as acting chief a man who was chief of police in another state. The new chief brought with him, as his assistant, a man who was the former chief of police in the same city.

One of the most blatant acts engaged in by the new chief of police was to establish a police investigation unit. The unit was composed mainly of people connected with the crime network except for Gustin. This move looked very good publicly. Within the police department, however, two things very quickly became clear: Gustin had no authority on the investigative unit, and, furthermore, the new chief was out to punish those men within the police department who had forced the resignation of the old chief. Not Gustin, but another of the leading officers behind the former chief's resignation was also implicated in payoffs, albeit far more mildly than any of the heavy network members who were exposed. He was threatened with being reduced in rank to captain or being fired from the police department, thus losing his pension. He retired instead. His early retirement meant a reduction in pension, but that was far better than no pension at all.

The new acting chief of police harassed Gustin incessantly. He tried to force him to resign. Gustin refused. During one argument Gustin told the chief that he was "sick and tired of guys like you." Gustin also told him he was taking the next day off and was going to stay home and get drunk. About 12:30 P.M. the next day, the assistant to the chief called Gustin and demanded that he report for

duty. The speculation was that Gustin might be drunk and could be fired as being unfit for duty. He reported to duty sober. Such were the kinds of harassment Gustin was subjected to, the price he paid for exposing the corruptness of the police department and breaking the network. The acting chief served only as long as he was on leave from his regular duties. When he returned to his regular post, his assistant was made acting chief. Finally, a police officer from another Nixon-Republican city was brought in as chief of police to replace the acting chief. After a few more moves and countermoves, the task force and the acting chief recommended that a permanent chief of police be appointed from out of state. They recommended a former Los Angeles County sheriff's department captain and presently a chief of police of a city notorious for tolerating gambling.

The appointment was made by the mayor. The new chief moved to Seattle and immediately demoted Gustin to captain and placed him in charge of the juvenile bureau. The demotion meant a salary reduction of three thousand dollars a year. Within the department some of the major figures who had run the network were promoted, even in the face of being implicated by the federal grand jury, including one of the most prominent bagmen in the department. Another member was made acting assistant chief of the technical division, and later permanent assistant chief in charge of that division.

Of the other three officers who were instrumental in exposing the corruption in the police department, one was forced to retire early on threat of being sanctioned for taking payoffs, and the other two were demoted.

The Republican Party split. The old established network businessmen continued to support the incumbent prosecutor. So too did many other local business groups. The

Ramon Probes Report Some On-Duty Police Use Tavern as Club

[illegible][illegible]

Seattle Times



"The money for off ramps from the airport goes on the airport."

"One officer told you capital on air, that you go to for some tax."

"It's a craft of the same but it isn't do."

...suggested for payment
...same returns, ...
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The Seattle Times

SEATTLE WASHINGTON, FRIDAY, JANUARY 11, 1991

Seattle Post

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104

young Republican and the liberal and moderate wings of the party, however, supported a candidate handpicked by the governor. The primary race for the Republican nomination was close, but the scandals, the indictments brought by the U.S. attorney, and the implication that the incumbent prosecutor tolerated much more than the tolerance policy implied were sufficient to give the Republican nomination to the governor's candidate.

The Democratic Party's nominee was closely linked to Democratic politics. The race was so close that the outcome was determined by absentee voters. The absentee ballots were two-to-one Republican, and the new Republican Party took over the prosecutor's office. The newly elected prosecutor immediately began investigations into corruption. A county grand jury was called and provided with enough evidence so that eventually *fifty-four* public officials (politicians and law-enforcement officers) were indicted on charges of bribery, corruption, and misuse of office.

The indicted public officials included the former county prosecutor, the former chief of police, two former assistant chiefs of police, the president of city council, the county sheriff, the undersheriff, the head of the county jail, a former sheriff, the head of licensing bureau of the county, and so on. Basically, indictments were brought against selected local political and law-enforcement officials. State-level members of the crime network were untouched, as were most of the businessmen.

The forces of change were successful. The network came apart. "Right" prevailed. At least some sort of right.

One year after the indictments were brought, most of those indicted had either been exonerated or the charges had been dropped. There was really no reason to pursue

the matter too far. The network as it had existed was broken and that, after all, had been the purpose of the investigation.

It was, however, necessary to find a fall guy, someone who could be made to take the brunt of the attack so that there would at least be some small illusion that the entire process had been a sincere effort to find and bring to justice criminal types. But whom? The prosecutor? The mayor? The chief of police? The sheriff? The vice-president of the bank? The president of the city council?

In the end none of these people were found guilty or sentenced to jail, but others were. Acting Chief Buzz Cook was sentenced on federal charges as well as state charges, serving a total of six months. Lyle J. LaPointe, one of his assistants, was sent to the county jail for one year. A former sheriff and member of the parole board, Tim McCullogh, received a three-year suspended sentence. The person who drew the stiffest sentence was not a public official but a bagman, not a police officer but a racketeer: Frank Colacurcio, a tavern owner, was given three years on a federal charge, of which he served two years and one month in a federal penitentiary.

Others either were found not guilty or, for most, their cases were dropped.

From the *Vancouver Sun*, May 24, 1972:

SEATTLE POLICEMEN GUILTY

Associated Press

SEATTLE—Verdicts of guilty against the remaining two defendants in what started out as Seattle's largest political cor-

ruption trial have finally been returned by Superior Court Judge James Mifflin.

Milford E. Cook and Lyle J. LaPointe, former high-ranking Seattle police officials, were found guilty after a one-day defence presentation by Cook, who testified on his own behalf. LaPointe's attorney rested his case without calling witnesses.

Cook and LaPointe were the last 19 defendants named in a conspiracy indictment returned by the 1971 King County grand jury which charged the 19 former and present law enforcement officials conspired to promote and allow gambling, bribery, extortion, blackmail and liquor law violations through a system of police payoffs.

The eight acquitted by Mifflin last Thursday after the prosecution rested its case included Charles O. Carroll, who for 22 years as county prosecutor was considered one of the most powerful figures in Republican state politics.

Charges against former Seattle city council president Charles M. Carroll were dropped without explanation last year. The state supreme court in March ordered charges dropped against six others including former police chief Frank Ramon.

Cook, 58, retired as an assistant police chief June 1, 1970 after 29 years on the force. LaPointe, 57, a former inspector and 22-year veteran, retired on a disability pension May 4, 1971. The maximum sentence for the crime of "conspiracy against a governmental entities" [*sic*] is up to five years in prison, a fine of up to \$10,000, or both.

A year after the indictments I found abundant poker games, bookmaking operations, prostitution, and drug trafficking still in the city. Pinball machines and bingo parlors were gone. Gone too were the openly advertised "amusement centers." The buildings where these businesses had thrived a year before were now rundown and boarded up.

One year later my informants and my observations indicated the beginnings of a new crime network in Seattle. A network that would pay homage and share profits with a new political alignment of Democrats and Republicans, which would be more subtle than the older one, less open, without pinballs, but in most important respects different from the older one only in the faces that ran the enterprises and shared the profits.

CHAPTER SEVEN

The Higher Circles

DURING ONE of Seattle's seemingly endless winters, I began to feel permanently enveloped in the greyness of sun-shineless days. Wallowing in the gloom cast by the drizzle, I sat with a prominent local attorney, Jerry (P) in one of the better restaurants in the city. The attorney was an investor in illegal ventures and one of the more knowledgeable people in the city about the interconnections between the "legitimate" community and the crime network. We had become friends during the course of my research, and he helped me penetrate the upper echelons of the criminal network that managed Seattle's illegal businesses. I had great confidence in his information, for invariably his observations were confirmed by events and by my own experiences.

"Did you know that Meyer Lansky was in town the other day? You know his son lives in Olympia?" I listened and tried not to show the intensity of my curiosity. When I am interviewing I try to let the other person talk while I divulge as little information as I can and still keep the conversation going. In this instance I did not really know where the conversation was going so I simply said: "No, I didn't know he was in town."

Jerry and I had talked about Meyer Lansky in the past. Several years before, in the mid-sixties I went to Florida and interviewed Lansky. We both knew he was one of the major financiers of illegal businesses in the United States and that he had been one of the most powerful people in organized crime for the past thirty years. The attorney continued, "Meyer contacted John [a lawyer known to be a principal go-between for network members]. Lansky told John to pass the word to Rosellini that Meyer would pay everything necessary for Rosellini to run for governor."

That was as gloomy as the weather. It nonetheless brightened up the conversation. We speculated about why Lansky would be willing to invest such a large sum of money in the state's governorship. His sudden interest in Washington state politics did not seem to follow from what we knew of Lansky. We knew he was connected to very important people in national politics, so why he would be so interested in Washington was something of a mystery. We did not answer the question that afternoon, but Jerry raised another one that sent me on a quest that would, in the end, help me understand Lansky's unusual offer and, more importantly, the connection between what was happening in Seattle and what was happening to organized crime throughout the United States and the world. The importance of this conversation with Jerry was underscored when I was told the same story by two other informants: a police official and a special investigator for the attorney general's office.

Some Unusual Events

Knowledge about the world can be greatly enhanced by observing and attempting to make sense of "unusual events." As we walk through our yard if we notice weeds growing in our grass we are not usually stimulated to ask "why." Weeds growing in our grass is to be expected. If, however, we awaken one

morning and discover orangutans swinging from the branches of our pine tree, we would immediately be curious and probably try to find out why.

Learning that Lansky was becoming deeply involved in Washington state politics was like finding orangutans swinging on pine trees in my front yard. On first blush it made no sense that Meyer Lansky—who controlled a vast international empire of banks, gambling casinos, and an international narcotics smuggling network, and whose political partners included presidents, vice presidents and members of congress—would devote so much attention and money to the governorship of Washington, even if his son did live in the state.

In the days and weeks to come, as I interviewed people, searched news accounts of national and international politics and tried to find out what Lansky was up to, I kept coming across other unusual events. These included the fact that after almost a half century of involvement in organized crime Meyer Lansky was, for the first time, indicted in Las Vegas for tax evasion and in Florida for perjury. These indictments were particularly surprising given that Lansky's political and economic strengths had been rooted in Florida since the thirties and Las Vegas since the fifties.

Despite Lansky's deep ties to Nevada politics, in the late sixties he and his partners lost their gambling licenses and were forced to sell their hotel and casino holdings in Las Vegas. Howard Hughes, the billionaire eccentric, was given special dispensation from the Securities and Exchange Commission to purchase them.

Another major investor in Las Vegas during the fifties and sixties was the Teamsters Union. For years the Teamsters illegally invested pension fund money in fraudulent real estate deals managed by people in organized crime. The Teamsters also invested heavily in Las Vegas hotels and casinos that Lansky either controlled or in which he was a major investor. The relationship between the Teamsters and organized crime was forged by Dave Beck during his presidency of the union in the

fifties. Beck was sent to prison and Jimmy Hoffa replaced him as president of the Teamsters. Beck not only invested in casinos connected to Lansky, he supported the same Democratic politicians as Lansky. When Hoffa became president of the union, however, the investment strategies and politics of the union began to change. Hoffa shifted the union's unflagging support for Democrats to equally staunch support of Richard Nixon and the Republican Party.

Other changes were equally perplexing. An informant in the Drug Enforcement Agency told me that Lansky's lifelong competitor and oft-times nemesis, Santo Trafficante, Jr., went to Southeast Asia in 1968 carrying "untold millions" in cash, which he generously distributed to Asian narcotics manufacturers, especially to one Vang Pao, in order to insure a constant supply of heroin from them. This was a repetition by Trafficante of a trip taken by Lansky to France some fifteen years earlier for the same purpose.

Between 1968 and 1972 there was a dramatic change in the pattern of international narcotics smuggling. Prior to 1968, 90 percent of the heroin coming into the United States came from opium grown in the Middle East (primarily Turkey, Afghanistan, and Pakistan), from which heroin was manufactured in factories located outside Marseilles, France. It was then shipped via Latin America or The Netherlands and elsewhere in Europe to New York, Miami, New Orleans, and other East Coast cities. By 1972, however, this pattern had changed. By then, over 45 percent of the heroin entering the United States came from opium grown in the Golden Triangle of Southeast Asia (where Burma, Laos, and Thailand meet) and processed into heroin in Hong Kong, Thailand, or Vietnam.¹⁰ The heroin coming from the Middle East-French connection declined by about the same percentage.

Seattle and Vancouver, British Columbia, had never been significant import centers for heroin. By 1972, however, as much as 40 percent of the heroin entering the United States came through these two ports.

These apparently unrelated events suggested that some important changes were taking place in national organized crime networks. Furthermore, it seemed likely that shifts in the Teamsters' political alliances, changes in Las Vegas casino ownership, Lansky's trouble with the law, and major changes in international narcotics smuggling were somehow related to one another. Then Frank Sinatra, the fair-haired favorite of Las Vegas night elubs and casinos, who for years had the run of the city, was thrown out of the Sands Hotel, punched in the mouth by a Sands employee and banned from ever entering the hotel or casino again. I *knew* there were some very important changes taking place in America.

“The Times They Were a-Changin’”

These unusual events took place in the late sixties. To understand them I realized I would have to broaden the research project. The first step was to cultivate informants outside of Seattle. These people had to be involved either as law enforcers or as players in national and international crime networks.

By now I had begun to formulate a theory that ran counter to the prevailing view of organized crime. Contrary to the perception of organized crime as controlled by a national “Mafia” or “Cosa Nostra,” I believed that organized crime nationally and internationally consisted of hundreds or perhaps even thousands of networks that sometimes cooperated and sometimes competed with one another. I also suspected that these networks were coordinated and managed by legitimate business people, law enforcement agencies, and politicians. At the very least, I was convinced from my Seattle research that a symbiotic relationship between politics, law enforcement, legitimate business, and organized crime was absolutely necessary for organized crime to survive and flourish as it does in America.

In the wake of several government scandals, a flood of information about organized crime, international narcotics smuggling, and connections between organized crime, politics, and the government emerged in the early seventies. The Freedom of Information Act made it possible to obtain documents from the government that had been buried for years. Journalists and social scientists began investigating government corruption and organized crime. The president's Crime Commission included a report on organized crime written by the sociologist Donald Cressey.¹¹ Alfred McCoy, a political scientist, went to Southeast Asia and investigated the connection between international narcotics and the CIA.¹² Between government documents, newspaper accounts, expose journalists, and social scientists there was suddenly a plethora of information about organized crime that cried out for understanding.

As always, I found people closely connected to organized crime willing to talk about their work, in spite of the fact that their work was criminal, corrupt, or violent. People, it turns out, find something of value in their work and are eager to discuss it with interested listeners. People in the business of crime may be even more eager than others to talk, because they have an ax to grind: invariably they want it to be known that what they do is no different than what legitimate business people and politicians do. As one informant said: "There may be some honest businessmen, judges, lawyers and politicians out there but I've never met them." And another: "But you see, don't you, how unjust it is for these guys to always be hassling us when they're doin' the same thing but they're the law."

The fact that the people involved in organized crime feel misunderstood and unjustly treated and that they live by a code of ethics which they see as equal if not superior to the code of ethics by which they are always being judged, may make them more eager than most to talk about "their work."

My informants in Seattle introduced me to players in other

cities either by phone call, letter, or simply giving me a name and the instruction to call them and say "Frank from Seattle said to say hello."

Because I wanted to piece together the national and international crime networks, the most important referrals in the late sixties and early seventies were in Washington, D.C., Las Vegas, and Miami. The information gathered in these cities, however, led me eventually to Africa in 1969, Thailand in 1974, Europe between 1975 and the early eighties, and Cuba in 1986 and 1987. In these visits I tried to unravel how international crime networks operate, and, especially, the connections between international narcotics and U.S. crime networks. Although many questions remain, most of the apparently "unusual events" described above, as well as some things I did not know at the time, began to make sense once I had more of the pieces of the puzzle.

Outside Connections

When Seattle's crime network was in full swing, on the fifteenth of every month an official of the state House of Representatives flew from Seattle to San Francisco carrying a satchel full of one-hundred-dollar bills. This was "laundered money," from gambling profits. The amount in the satchel varied each month depending on how much the Seattle bookmakers, gamblers, and narcotics dealers owed investors in other parts of the United States. It also depended on how much Seattle's people wanted to either launder through banks into secret accounts or invest in enterprises in other parts of the country.

The state congressman carried the satchel to San Francisco where he met a San Francisco attorney in an expensive bar, had a drink, turned over the satchel, and left.¹³ The lawyer took the satchel with him to his office, where he added its contents to an even larger sum gathered from his own city's

illegal businesses. The entire amount was then flown to Las Vegas. A few days later the stash was converted to larger bills, added to the “skim” from Las Vegas casinos, and flown to Florida. Meyer Lansky took his share of the profits and sent the remainder off to investors and associates in other cities—Chicago, Cleveland, Detroit, and New York—whose investments entitled them to a certain share of the profits from Seattle, San Francisco, Las Vegas, and Miami. Lansky sent some of the investors deposit slips indicating that their share had been deposited in secret bank accounts in Switzerland, the Bahamas, the Cayman Islands, or other off-shore banking operations that were safe from U.S. inspectors. Some of the laundering took place through banks in Miami and the Bahamas that Lansky controlled but which, during the dark days of the late sixties, he was forced to sell.¹⁴

The Roots of Organized Crime in America

The seeds for the first national organized crime networks were planted in the late 1800s. In the face of massive worker unrest and demands for the right to organize trade unions, big business hired thugs as strike breakers. Rather than rely on the uncertain supply of local talent to control recalcitrant workers, large corporations imported gangs from other cities. This required a degree of organization and cooperation that ended in the creation of companies specializing in “strike breakers.” Many of these same groups later became involved in organized crime networks.

But the event that most accounted for the growth and development of organized crime both nationally and internationally was prohibition. The passing of the Volstead Act in 1918, making it illegal in the U.S. to sell, distribute, and consume alcohol, created ideal conditions for the emergence of national crime networks. The demand for alcohol was far greater than

the U.S. government's willingness to expend the money and energy necessary to stamp it out. There was, nonetheless, a sufficient zealotry to enforce the laws to make it necessary for those who would distribute and sell the "evil rum" to create criminal enterprises. As a result, different criminal groups specialized in, and monopolized, the smuggling of alcohol from different countries. Some smuggled scotch from Scotland, others brought rum into the U.S. from Cuba, whiskey and beer from Canada, and wine from France. This was not an easy feat. The import-export business is complicated and requires international cooperation, trade agreements, international banking, and, when people do not fulfill their contracts, ways of sanctioning transgressors. The picture is further complicated because the *sine qua non* of capitalism is, of course, competition. The business structure can be unstable for the importation of illegal commodities because all of the business dealings must be carried out without the *formal* cooperation of banks, law enforcement agencies, courts, and international treaties. The essential infrastructure for the importation of illegal commodities must be organized "informally." People who do not fulfill their contractual obligations must be forced to do so by whatever means is available: usually this means relying on violence or the threat of violence. Enter, then, the specialists in violence who served to break strikes and financiers of legitimate business who had the capital and the wherewithal to make and keep international monetary agreements. Here, then, are the makings of the national and international crime networks that flourished in the 1920s and 1930s. These were the "parent companies" that spawned today's networks.

After Prohibition

Prohibition was the impetus for the emergence of organized efforts to provide illegal commodities, namely alcohol, and

such associated illegal services as gambling, prostitution, and high interest loans.

It is a sociological axiom that once an organization is in place, if its reason for existing disappears it will seek and usually find an alternative role that will allow it to continue to exist. The polio foundation moved into muscular dystrophy when a vaccine for polio eliminated it as a national health problem. When typewriters became obsolete, typewriter manufacturers entered the personal computer business. When prohibition ended, organizations whose survival and profits depended on the ability to smuggle and distribute illegal commodities looked for an alternative. Between 1914 and 1937, lawmakers and law enforcement agencies eagerly lobbied for and passed legislation that filled the need of organized crime networks for a commodity that was illegal, that required the kind of organization and expertise they possessed, and that was extremely profitable. During these years laws were passed making it illegal to import, distribute, sell or use "mind altering substances" ranging from opium and its derivatives (especially heroin) to cocaine, marijuana, peyote, and the amphetamines.

These new laws were precisely what organized crime networks needed to keep them not just in business but thriving. They could add the smuggling and distribution of drugs to their profits from gambling, trade union racketeering, prostitution, fraud, money laundering, and theft.

All Crooks Are Equal, but Some Are More Equal than Others

Some capitalists are more successful than others; some companies better managed; some industries better connected. The history of organized crime in the United States demonstrates that the network managed by Meyer Lansky rapidly outstripped most of its competitors. Several factors accounted for Lansky's

success. In the first place, his extraordinarily profitable investments in Florida, Cuba, Las Vegas, and in international narcotics smuggling surpassed those of his fellow criminals. Second, Lansky was unique among organized crime figures in that he was scrupulously honest in the division of profits among his “stockholders.” Third, and perhaps the key to Lansky’s success, was his recognition that it was more important to make powerful politicians and their law enforcers *partners* in his illegal operations than to merely bribe them.

The Making of an Empire

Lansky’s empire began in 1933 with the opening of a gambling casino and high class brothel in Broward County, Florida. By the time he opened the club, Lansky had been connected with a variety of criminal activities and was closely associated with people who would eventually become key players in national and international crime networks: Bugsy Siegel, Lucky Luciano, and a slew of politicians and law enforcement people. It was, however, the Colonial Inn, located near Miami Beach, that started Lansky on the way to building a diversified investment company constructed on criminal enterprises.

The Colonial Inn was south Florida’s first major gambling and entertainment establishment outside Miami Beach. Investors in the club included Mert Wertheimer, a major figure in Detroit’s crime network. Wertheimer owned one-third of the Colonial Inn, and Joe Adonis, another leading racketeer of the New York networks, owned 15 percent. Lansky kept 16 percent for himself and distributed the remainder among such close friends and relatives as Jake Lansky, Johnny “blue eyes” Alou, the Cellinis, and Lansky’s sister. The profits from the Colonial Inn were staggering, even by syndicate standards where profits of less than 20 percent are considered losses.

From Florida, Lansky moved into Cuba and continued his

successes with the Hotel Nacional, the Flamingo, Riviera, and Tropicana. Lansky purchased the goodwill, friendship, and protection of Fulgencio Batista, the Cuban president. To top off these investments Lansky began organizing a portion of the heroin traffic from Turkey and France. He purchased banks in Miami and the Bahamas to launder money and stolen stock certificates. He was principal owner of the Mary Carter Paint Company, which was a front for various criminal practices and a mechanism for turning illegal profits into legitimate money.

In one of his more ingenious innovations Lansky saw the potential for Las Vegas as playground for Californians. His record for turning small investments into large returns meant that he could easily persuade friends and associates to buy into his scheme; such money was supplemented by large sums from the pension funds of the International Brotherhood of Teamsters. Lansky would use these “investments” to build the first hotel-casino on the Las Vegas “Strip.” He sent his close friend Bugsy Siegel out to supervise the construction. Sadly, Siegel was seduced by the glamor of Hollywood, and Hollywood by the glamor of a real-life gangster. He squandered the investors’ money and embezzled from the corporation. Because the money was almost all skimmed from criminal exploits, Lansky and company could not have Siegel arrested for embezzlement; they enforced their own law and Bugsy died in the living room of his luxurious Beverly Hills mansion when two men shot him through the window of his home.

Despite the setback caused by Siegel’s incompetence, the Flamingo opened its doors a year later. It was the first of the Las Vegas Strip’s hotel-casinos. The profits from Lansky’s Las Vegas operations and his scrupulous sharing of them with his investors assured him a stable of supportive politicians, law enforcers, and criminal network operatives.

Before World War II, Lansky’s political influence in Cuba was so great that when President Franklin Roosevelt needed to

pressure Batista to resign as president of Cuba for fear of a revolution if Batista remained in office, he called upon Lansky to deliver the message and twist Batista's arm. The Office of Naval Intelligence also called on Lansky to help them undermine the leftist Longshoreman Harry Bridges' attempt to gain influence on the New York docks. In return for Lansky's help in this matter in 1946, Lansky's long-time partner Lucky Luciano was released from prison and extradited to Italy.¹⁵

In the 1930s and 1940s the smart money went to the Democrats: Lansky was the smartest money in town. He paid handsomely into the campaigns of Franklin Roosevelt, Harry Truman, Lyndon Johnson, John McCormack, Hubert Humphrey, Russell Long, John Connolly, Richard Daley, Albert Rosellini, and Edmund Brown, to mention only a few.

Lansky chose his partners well and was rewarded with cooperation from law enforcement agencies, as well as local and national politicians. But the tide of Lansky's political influence began to turn in 1952 when Republican candidate Dwight David Eisenhower won the presidency. Eisenhower's vice president was a young congressman from California, Richard Milhous Nixon. Lansky's troubles began almost immediately.

One of Lansky's political and investment partners was Dave Beck, president of the International Brotherhood of Teamsters, who began his rise to power with the Teamsters when he organized truck drivers in Seattle. Beck's tactics were simple and straightforward: he used violence to control workers and offered sweetheart contracts to gain the owners' cooperation. Beck was partly responsible for the Teamsters' emergence as the largest trade union in the United States. But along with the Teamsters' rise to national power came the institutionalization of corruption in the union which included complicity with gangsters and criminal profiteers. The Teamsters were good to Lansky and Lansky was supportive of the Teamsters. Using the Teamsters' pension funds, Dave Beck and his friends invested

millions of dollars in casinos in Nevada, Cuba, the Bahamas, and London. Pension funds were also used for land fraud schemes and were ripped-off for political payoffs and contract kickbacks. Such funds went for everything from office space to insurance contracts. Invariably, the large hand of organized crime showed up reaching into the Teamsters' till with Beck's blessing.

Dave Beck was a Democrat, tried and true. During the Roosevelt and Truman presidencies, Teamster money and influence flowed almost exclusively to Democratic Party candidates. The 1952 election of the first Republican administration in two decades brought trouble for Beck, the Teamsters and ultimately Meyer Lansky. The Internal Revenue Service and the FBI conducted a major investigation of the financial and investment policies of the Teamsters. They also looked into the union's ties to organized crime. A congressional committee and agents from the Internal Revenue Service were especially keen to look into the personal finances of Teamsters' president Dave Beck.

The investigation and trial took seven years. Dave Beck was found guilty of fraud and embezzlement and sentenced to seven years in prison. The trial exposed the Teamsters' intimacy with organized crime but Dave Beck still had the power to choose his successor, Jimmy Hoffa. Hoffa was a tough but loyal colleague from Detroit.

Hoffa, president of the largest trade union in America, knew that Beck's troubles were not the result of personal corruption or the misuse of union funds. He knew Beck's problems stemmed from a one-sided alliance with the Democratic Party. Hoffa reasoned that continued support for the Democrats would spell disaster for the union if the Republicans remained in office. Hoffa attempted for a while to play both sides; in the end he forged closer ties to the Republicans than to the Democrats.

Eisenhower served two terms in office and in 1960 John Kennedy ran against Richard Nixon for president. Jimmy Hoffa supported Nixon and the Republicans. That political miscalculation cost Hoffa his presidency of the union and ultimately his life.

Labor unions provide two types of support to political candidates: they encourage members to vote as the leadership wishes and their money helps to finance political campaigns. In American politics, campaign money is the single most important difference between victory and defeat. When Hoffa moved the Teamsters' political money to the Republicans he dealt a severe blow to the Democrats. As the newscaster David Brinkley pointed out, political money means a lot in Washington:

“Gorge Meany of the AFL-CIO is fawned over in Washington but not entirely for his intellectual brilliance. And not because he can deliver labor's votes. He can't. What he can deliver and does deliver is political money.

The present U.S. ambassador to Great Britain was not appointed for his contributions to creative foreign policy and diplomacy but for his contribution of political money. This is not new. Back in the fifties, the president appointed one of his big contributors ambassador to a country, then it was found he didn't even know where the country was.

So jobs like that, and Washington influence, are in effect for sale. All it takes is money, political contributions in election years. If you give enough, Washington's favors can be yours—influence, flattery, social success, invitations to swell affairs, and even ambassadorships to countries with nice climates and cheap servants. Perhaps more important, influence on domestic policy such as taxes affecting your own business and income. Running for office has become incredibly expensive, and candidates have to get money somewhere. The Democrats get a lot of it from the unions, and the Republicans get a lot of it from the rich individuals and corporations. No doubt, there are some rich unions and people of charitable soul, who will

give money expecting nothing in return, but they are scarce. A big political contribution is usually seen as an investment. It's a scandal everyone admits. But it's worse now, because running for office costs more. Public cynicism about politics and politicians already runs high. If this is not cleaned up, the political system will come apart—with influence, dominance, and even control put up for sale to the highest bidder.”¹⁶

Meyer Lansky's ties to the Teamsters had been badly shaken in 1952 when the Republicans took the White House. And in addition, the new Republican administration had loose ties to Lansky's competitors in Cuba and the Bahamas, including Santo Trafficante, Jr., Bebe Rebozo, Senator George Smathers, Carlos Marcello, Alan Dorfman, and Frank Fitzsimmons of the Teamsters. In 1945 Batista returned to Cuba as president. By then Lansky was firmly ensconced in Cuban politics, law enforcement, and, of course, organized crime. His friendship and partnership with Batista had not waned. There was, however, serious competition between Lansky and Santo Trafficante, Jr. The competition between Lansky and Trafficante went back to the 1930s when Lansky had Trafficante's boss, Anastasia, murdered. Lansky and Trafficante also competed in Florida for political control and for territories. Lansky supported Florida Democrats, Trafficante Florida Republicans.

Although his friendship and partnership with Lansky predated Trafficante, when Nixon became vice president (in 1952) and Lansky's power waned, Batista was open to Trafficante's propositions. An informant in Havana told me how:

“In the 1950s Lansky and Trafficante were embroiled in a life and death struggle for control of casinos in Cuba, the Bahamas and Florida. In an effort to unseat Lansky from his Cuban holdings Trafficante bribed and courted officials of the Batista government much as Lansky had done in the 1930s. Trafficante even purchased a newspaper, *El Diario*, which he used

as a medium for publicly attacking Lansky as 'the Godfather of the Jewish Mafia.'"

One of Lansky's lawyers in the pre-Castro days in Havana [the Batista government was overthrown in 1959] told me that "Lansky was supplying guns to Fidel Castro during the revolution. He believed Castro would let him stay in Havana with the casinos. He was mistaken."

Santo Trafficante's fortunes in Cuba were ascending while Lansky's were declining, it should be remembered, while the Republicans were in the White House (1953-1960). Hoping for a Castro victory, Lansky became a strange bedfellow indeed of a communist revolution. Castro apparently accepted Lansky's help but failed to make good on the implicit bargain. When Castro and his army marched into Havana, Lansky was one of the last people to escape the island before all communication was shut down.

The Eisenhower years were clearly difficult for Lansky. But things began to improve in 1960 when Richard Nixon ran for president against John Kennedy. Lansky and his partners, particularly Sam Giancana from Chicago, supported Kennedy and the Democrats. Hoffa and the Teamsters supported Nixon. This time, Lansky was on the right side, Hoffa and Nixon on the wrong: Kennedy became president of the United States in January 1961. Nixon was out of office but Jimmy Hoffa was still president of the International Brotherhood of Teamsters.

During Kennedy's short tenure as president (1961-63), his brother Bobby served as attorney general and Lyndon Johnson was vice president. Bobby Kennedy, with his brother's blessing, focused a substantial portion of the resources of his office on exposing Jimmy Hoffa's connections to organized crime and on Hoffa's misuse of Teamsters' pension funds. It was a contest of giants. In the end, Bobby Kennedy won the battle but lost the war. It took hundreds of federal agents, innumer-

able trials, and millions of tax-payer dollars to expose Jimmy Hoffa's criminality. Hoffa went on trial, finally, in February 1964 in Chattanooga, Tennessee on the charge of jury tampering in a case that had taken place two and a half years before. The trial lasted a month and Hoffa was convicted and sentenced to eight years in prison. Hoffa was immediately flown to Chicago where he was charged with defrauding the Teamsters' pension fund. He was also found guilty by the jury and sentenced to federal prison for eight years (to run concurrently with the first sentence).¹⁷ When Richard Nixon became president he pardoned Hoffa. Hoffa intended to resume his presidency of the Teamsters but before he could regain his power he disappeared. My informants are certain he was murdered by his competitors for control of the union.

Before Hoffa spent a day in prison, John F. Kennedy was assassinated in Dallas by Lee Harvey Oswald and perhaps other assassins. The day Kennedy died Jimmy Hoffa was standing by a window in his Tennessee hotel room. The radio was on and when the program was interrupted to announce John Kennedy's assassination Hoffa turned to his companion and said "now Bobby Kennedy is just another lawyer."

Lyndon Johnson was sworn in as president. He immediately asked for and was given Robert Kennedy's resignation as attorney general. Johnson appointed a number of national commissions on crime, a commission on violence, and, of course, special investigations into the assassination of John F. Kennedy. Each revealed some facets of the complicated interconnections between politics and organized crime. But none of these investigations got to the heart of the problem. None dared call it endemic to the American political system. None dared look too closely at what was happening in international narcotics. No one dared pursue the conclusion of Professor G. Robert Blakey, then dean of the Cornell University Law School, who was head of an official inquiry into the Kennedy assassination, that "it was the mob" that killed Kennedy.

“The Mob.” Who Is the ‘Mob’? What Is the Mob?

It should be perfectly clear by now that a single “mob” doesn’t exist in any U.S. city, much less in the entire country. Rather, there are many mobs that sometimes cooperate and other times compete, often violently. Like American and Japanese car manufacturers, they share some interests, buy into one another’s companies and simultaneously compete to get a bigger share of the profits for themselves and their investors. Also like car manufacturers they have an extremely heterogeneous set of shareholders: “legitimate” business people, politicians, active and retired military officers and government officials, racketeers, murderers, bankers, financiers, stockbrokers. “The mob” is a cross section of people wealthy enough to invest or hungry enough to do the shit-work necessary to maximize profits and minimize risks in the ever changing, ever challenging world of illegal business.

In politics, one candidate’s mob is another’s ticket to the White House. When Bobby Kennedy went after Jimmy Hoffa he was attacking a major source of political money for the Republican Party.

The Kennedys’ actions could have eventually brought the Teamsters and their allies in organized crime back into the Democratic Party fold. One way of accomplishing this might have been to force and break the Hoffa stranglehold over the Teamsters’ pension funds. But John Kennedy’s death severely weakened the Democrats’ hand. In fact Kennedy’s death only served to strengthen the ties between the Republicans and the Teamsters. Every Teamster president since Hoffa has been allied with the Republican Party and has paid huge sums of money into their political campaigns. And if the president’s death were not enough, the murder of his brother Bobby certainly was.

The attorneys general who followed Bobby Kennedy did not

pursue the investigation of the Teamsters. Johnson had other goals, including covering his own tracks. While he was president he was under pressure from the growing conflict in the country over the Vietnam War and urban riots. And Johnson came within a hair's breadth of being impeached as a result of his criminal associations which were connected to Meyer Lansky. It was Johnson's political associate, former senatorial assistant Bobby Baker, who almost made Lyndon Baines Johnson "the first president to end his term in prison."

Robert Winter-Berger was for five years a lobbyist in Washington. On one of his frequent visits to the office of Speaker of the House of Representatives, John McCormack, the back door to the Speaker's office suddenly burst open: President Lyndon Johnson stormed in. Winter-Berger in his explosive book *Washington Pay-Off* reports:

John disregarded me, but I can never forget the sight of LBJ, crossing the room in great strides. In a loud, hysterical voice Johnson said: "John, that son of a bitch is going to ruin me. If that cocksucker talks, I'm gonna land in jail." By the time the president finished these words he had reached the chair at McCormack's desk, sat down, and buried his face in his hands. Then I knew why LBJ had come here, and I realized how desperate the situation must be.

To the best of my recollection at that shocking moment, McCormack said: "Mr. President, things may not be that bad." He got up and went to Johnson and placed a hand on his shoulder.

"Jesus Christ!" Johnson exclaimed. "Things couldn't be worse, and you know it. We've talked about this shit often enough. Why wasn't it killed, John?" When Johnson looked up at McCormack, I could see he was crying. He buried his face again.

"We tried, Lyndon," McCormack said. "Everybody did."

Johnson said: "I practically raised that motherfucker, and now he's gonna make me the first President of the United States to spend the last days of his life behind bars." He was hysterical.

"You won't," McCormack said helplessly.

"How much money does the greedy bastard have to make?" Johnson said. "For a lousy five thousand bucks, he ruins his life, he ruins my life, and Christ knows who else's. Five thousand bucks, and the son of a bitch has millions."

"We all make mistakes," McCormack said, glancing at me. "How could he have known, Mr. President?"

"He should have given him the goddam machines," Johnson said. "He should have known better. Now we're all up shit creek. We're all gonna rot in jail."

"We'll think of something," McCormack said. He rubbed Johnson's shoulder. "Please. Calm down. Control yourself."

In a burst, Johnson said, "It's me they're after. It's me they want. Who the fuck is that shit heel? But they'll get him up there in front of an open committee and all the crap will come pouring out and it'll be my neck. Jesus Christ, John, my whole life is at stake!"

"Listen, Lyndon," McCormack said, "remember the sign Harry had on his desk—THE BUCK STOPS HERE? Maybe we can make this buck stop at Bobby."

"You have to," Johnson cried out. "He's got to take this rap himself. He's the one that made the goddam stupid mistake. Get to him. Find out how much more he wants, for crissake. I've got to be kept out of this."

"You will, Lyndon," said McCormack. "You will."

The President moaned. "Oh, I tell you, John, it takes just one prick to ruin a man in this town. Just one person has to rock the boat, and a man's life goes down the drain. And I'm getting fucked by two bastards—Bobby and that Williams son of a bitch. And all he wants is headlines."

"It'll pass, Lyndon," McCormack said. "This will pass."

Johnson got angry. "Not if we just sit around on our asses and think we can watch it pass. You've got to get to Bobby, John. Tell him I expect him to take the rap for this one on his own. Tell him I'll make it worth his while. Remind him that I always have."

"All right, Lyndon."¹⁸

In the heat of his tirade, Johnson had not noticed that Winter-Berger was in the room. When he finally did see him, LBJ asked McCormack if Winter-Berger was “all right.” Assured that Winter-Berger was a trusted friend of Nat Voloshen, a major Washington lobbyist, and with this assurance behind him, Johnson asked Winter-Berger to take a message to Voloshen: “Tell Nat that I want him to get in touch with Bobby Baker as soon as possible—tomorrow, if he can. Tell Nat to tell Bobby that I will give him a million dollars if he takes this rap. Bobby must not talk. I’ll see to it that he gets a million-dollar settlement. Then have Nat get back to John here, or to Eddie Adams later tomorrow, so I can know what Bobby says.”

Bobby Baker, the “motherfucker” Johnson had “practically raised,” began his Washington career at age fourteen as a Senate page. By 1955 Lyndon Johnson, then Senate majority leader, had hired Baker as his secretary. Baker’s secretarial salary was nine thousand dollars a year; his net worth was said to be eleven thousand dollars. Eight years later his personal fortune had grown to over two million dollars. Presumably another million was added when he “took the rap” without identifying or implicating Lyndon Johnson and thereby saving LBJ from possible impeachment for his involvement in the scam.

Baker’s fortune came from selling favors, influence, and information, and by investing in businesses owned and managed by the racketeers. Baker’s investments included the vending machine business, and led ultimately to Baker’s downfall. Among the racketeers Bobby Baker was closest to was his and Lyndon Johnson’s neighbor, Sam Levinson, one of Meyer Lansky’s closest associates and a partner with Lansky in Las Vegas holdings. Levinson contributed \$250,000 to Hubert Humphrey’s 1978 presidential campaign against Nixon.

The crimes for which Lyndon Johnson thought he might be the first president to end his term of office in prison—the crimes he was willing to pay Bobby Baker one million dollars

to conceal—were never disclosed. Abe Fortas, one of Johnson's appointees to the U.S. Supreme Court, was less fortunate: when Fortas' links with a notorious financial wheeler-dealer in Florida were revealed, he had to resign from the Supreme Court. It is possible that had Baker revealed even part of what he knew about Johnson's involvement in organized crime, Richard Nixon's Watergate crimes would have seemed pale by comparison.

Richard Nixon continued the Johnson tradition of selling favors and protecting the investments of political supporters. Just one day before the law went into effect requiring public disclosure of campaign contributions, the textile industry contributed over \$400,000 to Nixon's reelection campaign, and the oil industry over five million. For their contribution the textile industry won a tariff on the importation into the U.S. of Japanese textiles, which assured the industry a high and stable price for their products for years to come. According to columnist Jack Anderson, in 1972 Ray Kroc, president of McDonald's, contributed \$250,000 to Nixon's election. In return, Kroc was exempted from paying high school-age employees, who make up the majority of his work force, a minimum wage—an exemption personally written in by President Nixon and one which exempted most of McDonald's employees.

In 1970, the milk industry contributed a million dollars to Nixon's campaign in a deal with Nixon that when he was re-elected he would see that the "price stabilization guidelines" which were in effect on other agricultural products would not be applied to milk. After his reelection in 1972 Nixon fulfilled his promise and milk prices were allowed to increase.

Toward the end of Nixon's first term as president, ITT promised to contribute \$400,000 to underwrite the expenses of the Republican National Convention. Not long afterward, the Department of Justice dropped its antitrust suit against ITT.

As Richard Kleindienst said: "I am not a prophylactic sack

with respect to the White House.”¹⁹ Meanwhile, as assistant attorney general, Kleindienst, it will be remembered, was one of the principal people in the Justice Department giving the green light for the U.S. attorney in the state of Washington to investigate and expose the organization of illegal businesses there. He was not, however, quite so concerned about such phenomena elsewhere. During his confirmation for U.S. attorney general, when John Mitchell resigned to take over the management of Nixon’s reelection campaign, it was revealed that Kleindienst had cleared a U.S. attorney, Harry Steward, who had been charged with obstructing investigations into corruption in San Diego: Nixon territory.²⁰

Nixon, Johnson, Kleindienst, Mitchell: these men are not aberrations in an otherwise well-working machine. They are merely acting out roles that emerge time and time again. Lincoln Steffens was not writing about 1900, and I am not writing about 1988. The story is told over and over.

In 1964, Frank Fitzsimmons replaced Hoffa as president of the Teamsters Union. In that same year, Richard Nixon, having had his political career resurrected by the president of Pepsi Cola, was elected president of the U.S. Shortly after his election Nixon announced that Frank Fitzsimmons was “welcome in my office any time, the door is always open to [him].” Not only was the door to Nixon’s office open; so was the door to his airplane. In January 1973, the Los Angeles office of the Federal Bureau of Investigation learned that a syndicate leader from the Midwest was coming to Los Angeles to work with Teamsters officials on a billion-dollar health insurance plan for its members. Frank Fitzsimmons was to attend the final meeting, which included the syndicate leader, insurance company officials, and officials of the union. The FBI had bugged the offices for seventy-two hours preceding the planned meeting, but when the Bureau requested permission to continue the bug, presumably during the meeting itself, the attorney gen-

eral's office turned them down. The meeting between Fitzsimmons, a Midwest Syndicate associate, and insurance company officials took place without the proving ears of the FBI. Fitzsimmons left immediately after this meeting to meet Richard Nixon in Palm Springs. They flew back together in the president's plane to Washington, D.C.

The International *Herald-Tribune* reported these events in the April 30, 1973, edition as follows:

"Two ranking officials to the Department of Justice eight weeks ago turned down a request by the Federal Bureau of Investigation to continue electronic surveillance that had begun to penetrate Teamsters' union connections with the Mafia, according to reliable governmental sources. Attorney General Richard G. Kleindienst and Assistant Attorney General Henry E. Petersen were said to have made the decision after 40 days of FBI wiretapping had begun to help strip the cover from the Mafia plan to reap millions of dollars in payoffs from the welfare funds of the International Brotherhood of Teamsters. The officials acted on the grounds that investigation had failed to show "probable cause" to continue eavesdropping, the sources said. They reportedly acted after having received a memorandum, prepared at the direction of L. Patrick Gray III, who was then the bureau's acting director. The memorandum, which made no recommendations, indicated the sensitivity of the investigation, which was reportedly producing disclosures potentially damaging and certainly embarrassing to the Teamsters' president, Frank E. Fitzsimmons, the Nixon administration's staunchest ally within the labor movement.

Endorsement

The administration's cultivation of the two-million-member union culminated last year in a Teamster endorsement of the President's reelection, and Mr. Nixon has made it clear that the door to his office is always open to Mr. Fitzsimmons.

The Kleindienst-Petersen decision came less than a month before Charles W. Colson, special counsel to the President, left the White House to join a Washington law firm to which Mr. Fitzsimmons had transferred the union's legal business. Before leaving the White House, Mr. Colson had been instrumental in formulating administration political strategy regarding organized labor.

The electronic surveillance began on January 26, under an order of the Federal District Court in Los Angeles authorizing the FBI to tap 11 telephone numbers in the offices of People's Industrial Consultant, 9777 Wilshire Blvd., Los Angeles, Justice Department sources said.

On February 14, the court authorized an extension of the tap until March 6. The taps were requested and installed under the omnibus Crime Control and Safe Streets Act of 1968.

FBI Affidavit

What was learned from the tapes was described in an FBI affidavit submitted to Justice Department lawyers. The affidavit asked for continuance of the existing surveillance for 20 days and installation of new taps on a public telephone and the office telephone of an alleged mobster implicated in the plot to siphon money from the Teamsters.

The affidavit said that investigation up to then, including the use of electronic listening devices, had indicated "a pattern of racketeering activity—that is, a series of payments of commissions or kickbacks" flowing from corporations controlled by a doctor in league with the mob through People's Industrial Consultants "to the officers and agents of the employee-welfare benefit plan" in violation of federal statutes.

Mr. Petersen and Mr. Kleindienst, however, would not allow an application for renewal of the court order.

A request Friday to the Justice Department for comment from the two government officials went unanswered.

The FBI affidavit cited information reportedly given to the bureau by an informant in contact with an associate of Allen

Dorfman, consultant to the Teamsters' billion-dollar Central States, Southeast and Southwest Areas Pension Fund, who began a federal prison term a month ago for conspiring to receive a kickback in connection with a loan application made to the pension fund.

"Source No. 3"

The informant, identified in the affidavit as "source No. 3," said that on February 8, at the Mission Hills Country Club in Palm Springs, California, Dorfman's associate introduced Mr. Fitzsimmons to Peter Milano, Sam Sciortino and Joe Lamandri, identified by the FBI as southern California members of the Mafia. The Teamster leader was in Palm Springs participating in the Bob Hope Desert Classic golf tournament.

Justice Department sources reported that, according to the informant, the three men presented to Mr. Fitzsimmons a proposal for a prepaid health plan, under which members of the union covered by its welfare program would be provided with medical care by Dr. Bruce Frome, a Los Angeles physician.

Monthly medical fees for each union member would be paid by the central states fund from the millions of dollars contributed to it by employers under Teamster contracts.

In a 15-minute conference with the three, the informant added, Mr. Fitzsimmons gave his tentative approval and sent the group to a Palm Springs residence for definitive discussions with Dorfman.

The FBI were said to have learned that the next day Mr. Fitzsimmons met with Lou Rosanova, identified by Justice Department sources as an envoy for a Chicago crime syndicate, which sought a percentage of the Los Angeles mob's take on the health plan. Justice Department instigators say that they have evidence that the Chicago branch of the Mafia is determined to retain the access it had to the pension fund through Dorfman during James R. Hoffa's Teamster presidency. Hoffa was imprisoned after being convicted of tampering with a federal jury and pension fund fraud.

As a result, according to the federal agents, the Chicago Mafia members have kept a sharp eye on Dorfman and Mr. Fitzsimmons since Mr. Fitzsimmons gained clear control of the union.

In 1971, President Nixon commuted Hoffa's eight-year prison sentence, with a provision that precluded his holding union office until 1980.

Nixon's Plane

Rosanova and Mr. Fitzsimmons had talks again on February 12 at La Costa, a plush resort and health spa in San Diego County, according to the Orange County and San Diego County authorities. The same authorities reported that a few hours after that meeting Mr. Fitzsimmons boarded President Nixon's plane and flew to Washington with the President. Both Rosanova-Fitzsimmons meetings were reportedly observed by informants of the Orange County District Attorney's Office. On February 27, at La Costa, the same informants say that they heard Rosanova boast of a future payoff split between him and Mr. Fitzsimmons.

In its affidavit seeking an extension and a broadening of electronic surveillance, the FBI cited as a basis for its request Title 18, Section 1954, of the U.S. code, which prohibits commissions and kickbacks to union and welfare plan officials in return for the placement of union business.

Corroboration

During the 40 days the devices were in operation, the sources said, recorded conversations greatly supplemented and tended to corroborate information gathered in other phases of the investigation being carried on by the bureau and authorities in Los Angeles, Riverside, San Diego, and Orange Counties.

On February 9, the day after Milano, Sciortino and Lamandri allegedly met with Mr. Fitzsimmons and Dorfman in Palm Springs, the taps at People's Industrial Consultants were

said to have picked up a conversation between Dr. Frome and Raymond de Derosa, identified by the California authorities as a muscle man for Milano, who operates out of the consulting company's offices.

The FBI affidavit said that de Derosa had told the doctor that "the deal with the Teamsters is all set." De Derosa indicated to Dr. Frome, according to the affidavit, that People's Industrial was in the line for a 7 percent commission, and they talked about a possible \$1 billion-a-year business.

In other tapped conversations, de Derosa reportedly said the PIC would get a 10 percent cut of the medical payments. He reportedly complained that the concern had to "give away three points (3 percent) to get the deal."

The giving away of three points is apparently a reference to that part of the deal surrendered by the Los Angeles Mafia figures to pacify the Chicago representatives.

Meyer Lansky was left out of the Teamsters-Republican Party coalition. Several years later it was reported that Nixon could "get \$1 million" from the Teamsters Union. He told John Dean that this fund could be used for hush money. *The Washington Star* reported on September 29, 1977:

. . . the \$1 million may have been what Nixon referred to in the March 21, 1973, White House meeting with Dean concerning the Watergate burglars, demands for huge sums [of] money in return for keeping quiet.

According to a transcript of a tape of that conversation, Nixon said to Dean: "What I mean is you could get a million dollars . . . And you could get it in cash. I know where it could be gotten . . . We could get the money. There is no problem in that."

Watergate

Nixon was reelected in 1972 to a second term as president. By that time, his power in the Republican Party and his strangle-

hold over political money traditionally controlled by the Democrats had begun to pose a serious threat to both Democrats and to non-Nixon Republicans. And Nixon, to top it off, was threatening to stay in office for a third term. A committee to change the Constitution to allow a president to serve three terms was formed in Philadelphia. The day the committee began its work it already had one million dollars in a bank account to fund the campaign to change the Constitution.

Even if Nixon did not succeed in changing the Constitution, he still posed a severe threat to his opponents. Not only had Nixon cornered the Teamsters' political money, he had forced Lansky, a source of political (and personal) money for the Democrats, to liquidate his holdings in Las Vegas, sell some banks in Miami, and dispose of his investments in the Bahamas. The investors who bought Lansky out—Bebe Rebozo, Santo Trafficante, Jr., Howard Hughes—were loyal and lifelong supporters of Nixon and the Republican Party.

It was clear to knowledgeable political power-brokers that if something were not done to block Nixon's erosion of mob support for his political opposition, the shape of U.S. politics would be fundamentally altered for years to come. To add insult to injury, Nixon selected John Connolly, a Democrat turned Republican, as his choice for the Republican presidential nomination for 1976.

The Committee to Reelect the President had, during the 1972 election campaign, burglarized the Watergate Hotel headquarters of the Democratic Party. Nixon and his staff were implicated in the break-in. The exposure of the break-in ultimately forced the resignation of Richard M. Nixon. Nixon's opposing political forces had been busy developing a number of alternative ways to get him. Nixon had been for two terms involved in a number of illegal, unethical, and quasi-legal political machinations. But, as this chapter has pointed out, such presidential behavior is commonplace. The public exposure of it is rare. When the selling of favors and influence is exposed

to the public it is because there is a major power struggle taking place for control of scarce resources. Nixon's opponents revealed that there was a deal made between Nixon and ITT to have the Securities and Exchange Commission drop an anti-trust suit against ITT in exchange for ITT's underwriting the 1972 Republican Primary in San Diego. Nixon had also entered into an agreement with the milk producers to set prices on milk favorable to the producers in exchange for a large contribution to his campaign. He made a similar agreement with the head of McDonald's Hamburgers: in exchange for a very large contribution to his campaign Nixon promised to exempt teenagers (who comprise the vast bulk of McDonald's employees) from the minimum wage law. Nixon's vice president, Spiro Agnew, was forced to resign from office when it was revealed that he had accepted kickbacks from contractors while he was governor of Maryland and while he was vice president.

In the case of Nixon, a major factor in this struggle was control of the political money from organized crime and the International Brotherhood of Teamsters.

Making Sense of "unusual events"

By 1970, as a result of the research I was doing, the "unusual events" outlined above began to make sense to me. Lansky's troubles in Las Vegas—being indicted for tax evasion and forced to sell his holdings—started in the wake of the election of a Republican governor (Paul Laxalt) in Nevada and the election of a Republican president. Lansky's indictment in Florida followed a similar shift in state and national political leadership. Castro had forced Lansky out of Cuba but he was losing the competition with Santo Trafficante even before Castro's victory. He was engaged in major conflict with Bebe Rebozo and other Nixon associates for control of casinos and

banks in Miami and the Bahamas. In Miami, control of a bank that Lansky owned shifted to Rebozo as a result of federal pressure. Union funds that had gone to Lansky for investment and into Lansky's banks were transferred. Law firms that had lucrative union contracts lost them to Republican firms; the Teamsters hired Nixon's own law firm. Nixon granted Jimmy Hoffa executive clemency and Hoffa was released from prison only to disappear and never be seen again.

When Howard Hughes took control of the Sands Hotel and Casino, Frank Sinatra's old ties to the former owners and partners of Meyer Lansky, such as Sam Giancana, John Roselli, and other heavy investors in Las Vegas casinos, no longer protected him. When he became obstreperous at a gambling table, he was now just another difficult customer.

There were massive changes taking place in the national and international crime networks, changes which would shape many of the major political events for the next thirty years. These changes were potent forces in the Watergate scandal, the threatened impeachment of Nixon, and his eventual resignation. These same forces played a key role in the Iran-Contra scandal that changed the character of the Reagan presidency and contributed to a change in the direction of U.S. policy in Central America. To understand this we must unravel the character of the most important criminal enterprise in the world today: the smuggling of drugs and armaments. This, in turn, requires that we go back at least to the Vietnam War which fundamentally altered existing patterns of smuggling and the state organizations and criminal networks that conduct the business. We take this up in the next chapter.

CHAPTER EIGHT

The State and Organizing Crime

IN SEATTLE it was not obvious how the various rackets ranked in order of importance. Drugs, gambling, fraud, and stolen property were as intertwined as straw in a bale of hay. When I began investigating national and international crime networks, however, it became clear almost immediately that smuggling narcotics and military weapons was head and shoulders above other forms of organized criminality in importance, i.e., profits. This difference between local and national and international crime networks is of profound importance. Local networks handle the wholesale and retail traffic in drugs. The profits are substantially greater than those from bookmaking, poker games, stolen property, and other rackets, but the importance of drugs on the retail market in a city the size of Seattle does not overshadow the importance of other illegal enterprises.

On the national and international level, however, the smuggling of arms and drugs is the foundation on which rests a mammoth enterprise amounting to hundreds of billions of

dollars annually. It is an enterprise which not only affects millions of lives directly, it affects international relations, governments, and war.

Opium: The Magic Plant

Historically, opium and its powerful commercial derivatives, morphine and heroin, are among the most important products smuggled internationally. While opium is grown in many parts of the world, the most important centers of production traditionally have been the Middle East (especially Turkey, Pakistan, and Afghanistan) and Southeast Asia (especially the Golden Triangle which covers parts of Laos, Burma and Thailand).

Opium grows abundantly and with little cultivation in the mountain chain that stretches from Turkey through Afghanistan, India, China, and into the Golden Triangle. In the eighth century Turkish traders carried opium to Asia and exchanged it for teas and spices. In the sixteenth century Portuguese ships cruising the oriental seas pirated opium from local traders and used it to trade for teas and spices. In the nineteenth century England went to war against China on two occasions to protect its merchants' profitable trade in opium. In the early 1900s a German pharmaceutical company, Bayer, developed a drug that could be chemically produced from the opium plant. Bayer's drug had the same euphoric and analgesic effect as opium but was more potent and had the advantage of being injectable. Bayer called their new product, which they claimed was nonaddictive, heroin.

Bayer lied. Not only was heroin even more addictive than raw opium, it was deadly dangerous if the dosage was not carefully controlled. In 1914 the sale or possession of opium and its derivatives, including heroin, was made illegal with the passage of the Harrison Act. By 1914, however, there was a large population of opium-addicted workers, housewives, and mer-

chants, not to mention the Chinese immigrants who brought opium habits with them when they emigrated to the U.S.

It is an economic axiom that where there is a market, large profits, and an available supply of a commodity, people will find ways to supply the demand. The merchants who profited from opium and heroin when it was legal did not immediately cease their operations simply because of international agreements and statutes making their business illegal. Quite predictably they continued to trade in opium, although the illegal nature of the enterprise changed the character of the business considerably. Distribution practices had to change, police and customs officials had to be bribed, but the import business thrived in spite of the complications that accompanied the illegality of the enterprise.

As we saw in the last chapter, when prohibition ended in 1932, the specialists and organizations that had grown up to facilitate the smuggling of alcoholic beverages transferred their talents, contacts, and personnel to the smuggling of drugs. When, in the thirties, marijuana and cocaine were added to the list of illegal drugs, the business expanded and smuggling became an international enterprise of gigantic proportions.

The affluence in the U.S. that followed the end of World War II brought record sales to the manufacturers and industrialists. The affluence was equally kind to the purveyors of illegal commodities and services. Between 1945 and 1965 narcotics consumption in the United States and Europe grew by leaps and bounds. First the ghettos then the middle and upper classes comprised the market, just as the mining towns and factories had been the mainstay of the market in the 1800s.

Lansky Travels to Europe

In the 1950s the ever-watchful business eye of Meyer Lansky saw the potential. Lansky was in a good position to get into the narcotics business in a big way. His experience gained during

prohibition in smuggling alcoholic beverages gave him the know-how and the international connections necessary for successful smuggling operations. He knew where to locate investors with "venture capital," was connected with banks, politicians, and law enforcement people nationally and internationally, and could take advantage of all these networks to maximize profits and minimize risks for himself and his investors.

Lansky took a trip to Marseilles, France in the late fifties. Following World War II this French port city became the international center for converting raw opium from the Middle East into the highly refined #4 heroin much in demand in America. Lansky carried with him a satchel containing six million dollars.²¹ With this he contracted with Marseilles' heroin manufacturers to provide his network with a steady supply of high quality heroin. He also dispatched key members of his organization to Latin America, particularly to Paraguay and Cuba, where cooperative government officials joined the network to assure safe passage of heroin through their countries and into the United States.

The enterprise worked marvelously for a number of years despite the mostly symbolic efforts of drug enforcement agencies and international commissions to break up illegal drug shipments. Of course, adjustments had to be made from time to time: When Fidel Castro led a successful revolution against Lansky's close ally, Cuban dictator Batista, an alternative route for smuggling drugs through Latin America into the U.S. had to be found. Temporary disruptions occurred but the overall pattern of drug trafficking survived well into the 1960s. The pattern changed dramatically, however, after the United States became mired in a war in Southeast Asia.

Opium and the Vietnam War

From the early days of colonialism in Indochina, the French depended on the profits from opium to finance the colonial

government. In 1946 when the Vietnamese rebelled against the French, France's dependence on profits from the opium traffic increased.²² The cost to the French of sustaining colonialism increased but more importantly, the French needed the military support of the warlords of the Golden Triangle who maintained their control of the hill tribes by serving as a conduit for the opium produced in the hills. France also depended on the support of the hill tribe warlords because of their proximity to the Chinese border and France's fear that China would enter the war on the side of the insurgents. That support, in turn, required that France cooperate with the production and distribution of opium.

When the United States entered the Vietnam War after France's ignominious defeat at Dien Bien Phu, the U.S. inherited the dependence on opium. The U.S. military and particularly the CIA set about organizing opium smuggling out of Southeast Asia to an unprecedented degree. The Central Intelligence Agency arranged to pick up and distribute the opium to the major cities of Southeast Asia where laboratories sprang up that converted the opium into morphine and heroin. For this purpose, the CIA established an airline called Air America: ". . . in 1965, the CIA's airline, Air America, began flying Meo opium out of the hills to Long Cheng and Vientiane."²³

During these years Gen. Vang Pao, commander of a CIA-run secret army, operated a heroin factory at Long Cheng, headquarters for CIA operations in northern Laos.²⁴

In 1974 I went to Thailand to find out how the opium from the Golden Triangle was getting out of Asia and into the United States. I lived in Chiang Mai, a northern city that is a center for the organization and coordination of opium traffic in Southeast Asia. During my four months in Chiang Mai I interviewed CIA agents, drug enforcement agents, Thai officials, and opium smugglers and growers. My research in Thailand and the Golden Triangle in 1974 established beyond

a doubt the connection between the CIA, U.S. politics, and international narcotics smuggling. Interviews with present and former CIA agents in Southeast Asia confirmed that the CIA was complicitous in the movement of opium out of the Golden Triangle to heroin laboratories in Saigon, Hong Kong, and Bangkok. Within ten days of arriving in Chiang Mai I was able to interview several former CIA operatives. They all told the same story: the CIA and its airline, Air America, worked hand in glove with the warlords of the Golden Triangle to smuggle opium. A small Thai, Pok, who worked with the CIA from 1965 to 1974 was unequivocal: "The CIA is the biggest opium dealer in Asia. Their planes fly into the hills, pick up crates of opium, and deliver them to airports in Bangkok and Hong Kong. I've been there when they land and watched the crates unloaded and stored in warehouses at the airport."

General Ouane Rattikone, former General of the Laotian Army, told me:

"I organized the hill tribes and provided protection for the shipment of the raw opium through the hills. It's very dangerous because there are many people willing to die to get their hands on the opium. But we provide the military protection necessary. When we reach the flatland where planes can land Air America flies in and picks up the opium. It is hypocritical of America to criticize this. If we (Laos) did not have the profits from opium production our government would fall to the communists in twenty four hours. The Americans know this and they do the only thing they can."²⁵

An American soldier who was an eyewitness to the opium trafficking in Laos reported:

There is trouble at Long Cheng, the secret Central Intelligence Agency military base in north Laos. Meo guerilla leaders are demanding full operational control over the dozen or so

aircraft that work daily from this 5,000-foot paved runway in the middle of nowhere. The Americans resist, knowing only too well what the implications of giving in would be. They hassle. Everybody, of course, knows the stakes in this little game. Everybody knows that the Meo have their own ideas as to how these flying machines can be put to efficient use. It's there for everybody to see: the neat, banana-leaf wrapped cubes of raw opium stacked neatly alongside the runway, not quite a hundred yards from the air-conditioned shack from which Agency officers command a clear view of the entire area. In the end, General Vang Pao, commander of the Meo army, has his way. The Americans who are supporting this army might regret the small loss of operational control. But the war must go on. Anyway, even if the Meo rack up all the planes, more can always be brought in. . . . It mattered not what ancillary problems were created by our presence. Not, that is, so long as the Meo leadership could keep their wards in the boondocks fighting and dying in the name of, for these unfortunates anyway, some nebulous cause. If for the Americans this meant, as it did, increasing the potential reward, or quite literally, payoffs, to the Meo leadership in the form of a *carte blanche* to exploit U.S.-supplied airplanes and communications gear to the end of greatly streamlining opium operations, well, that was the price to be paid."²⁶

Time and again in interviews with people close to the opium traffic, the Laotian city of Long Cheng was mentioned as a major transfer point for opium out of the Golden Triangle. Several of my CIA informants, the American soldier quoted above as well as General Ouane Rattikone, told of the importance of Long Cheng. At the time I paid little attention to the names of the CIA operatives whom I was told were running the operation at Long Cheng in the 1960s. It was only years later when their names resurfaced in connection with a bank in Sydney, Australia, that I came to see the significance of their work in Long Cheng. Among the dozens of names given

to me as American CIA agents who were at Long Cheng in the 1960s were four men whose subsequent careers raise serious questions about the role of the CIA in international drug trafficking and arms smuggling after the end of the Vietnam War. I was told, and recent reports support the allegation, that Michael Hand worked at Long Cheng with Thomas Clines and Theodore Shackley.²⁷ To understand the importance of these relationships let us look in some detail at the career of the Green Beret, Vietnam veteran and Long Cheng CIA operative, Michael Hand.

Michael Hand Goes to Australia

In 1969 Michael Hand left Vietnam and moved to Sydney, Australia. There is no evidence that he was still working for the CIA or the U.S. military. It must be remembered, however, that it is standard intelligence practice to supply undercover agents with phony papers that end their military or intelligence career while in fact they remain career military or intelligence officers.

On arriving in Australia Michael Hand entered into a business partnership with an Australian national, Frank Nugan. They formed an investment company and began several businesses. In 1976 Michael Hand and Frank Nugan established the Nugan Hand Bank, Sydney,²⁸ which began as a storefront operation with minimal capital investment but which almost immediately had deposits of over \$25 million from large deposits of secret funds made by narcotics traffickers, arms smugglers, and the CIA.

In addition to the records from the bank that suggest the CIA was using the bank as a conduit for its funds, the bank's connection to the CIA, and other U.S. intelligence agencies is evidenced by the people who formed the directors and principal officers of the bank, including:

- Admiral Earl F. Yates, president of the Nugan Hand Bank, was, during the Vietnam War, chief of staff for strategic planning of U.S. forces in Asia and the Pacific.
- General Edwin F. Black, president of Nugan Hand's Hawaii branch, was commander of U.S. troops in Thailand during the Vietnam War and, after the war, assistant army chief of staff for the Pacific.
- General Erle Cocke, Jr., head of the Nugan Hand Washington office.
- George Farris worked in the Nugan Hand Hong Kong and Washington, D.C., offices. He was a military intelligence specialist who worked in a special forces training base in the Pacific.
- Bernie Houghton was Nugan Hand's representative in Saudi Arabia. Houghton was also a U.S. naval intelligence undercover agent.
- Tom Clines, director of training in the CIA's Clandestine Service, London operative for Nugan Hand who helped the takeover of a London-based bank.
- Dale Holmgreen, former flight service manager in Vietnam for Civil Air Transport, which became Air America. He was on the board of directors of Nugan Hand and ran their Taiwan office.
- Walt McDonald, an economist and former deputy director of the CIA for economic research, specializing in petroleum. He became a consultant to Nugan Hand and served as head of its Annapolis, Maryland, branch.
- General Roy Manor ran the Nugan Hand Philippine office. He was a Vietnam veteran who helped coordinate the aborted attempt to rescue the Iranian hostages and was chief of staff for U.S. Pacific Command and the U.S. government's liaison officer to Philippine President Fernando Marcos.

On the board of directors of the parent company formed by

Michael Hand that preceded the Nugan Hand Bank were Grant Walters, Robert Peterson, David M. Houton, and Spencer Smith, all of whom listed their address as c/o Air America, Army Post Office, San Francisco, California. Also working through the Nugan Hand bank was Edwin F. Wilson, a CIA agent involved in smuggling arms to the Middle East and later sentenced to prison by a U.S. court for smuggling illegal arms to Libya. Edwin Wilson's associate in mid-east arms shipments was Theodore S. Shackley, head of the Miami, Florida, CIA station. It was Shackley who, along with Rafael "Chi Chi" Quintero, a Cuban-American, forged the plot to assassinate Fidel Castro by using organized crime figures Santo Trafficante, Jr., John Roselli, and Sam Giancana.²⁹ In 1973, when William Colby was made director of the Central Intelligence Agency, Shackley replaced him as head of covert operations for the Far East.

In 1980 the Nugan Hand Bank began to unravel. Frank Nugan, Hand's Australian partner, was found dead in his Mercedes on a remote road. Nugan died of gunshot wounds. In his pants pocket was the business card of Nugan Hand's lawyer, William Colby. On the back of the card was Colby's itinerary for his upcoming trip to Australia. Next to the dead Frank Nugan was a Bible with a meat-pie wrapper marking a page. On the wrapper were the names of William Colby and Bob Wilson, the then California congressman who was the ranking Republican member of the House Armed Services Committee. The police determined the cause of death to be suicide.

Australian bank auditors called in to investigate the bank opened up a veritable Pandora's box of crime and intrigue. Millions of dollars were missing. The list of bank depositors revealed that many of the principal depositors of the bank were known to be connected with international narcotics trafficking in Asia and the Middle East. The U.S. Central Intelligence Agency was using Nugan Hand to finance gun smuggling and

a vast array of other clandestine operations. Bank records also revealed that they spent millions of dollars on political campaigns throughout the world in an effort to secure the election of politicians to their liking. The CIA even used the bank to pay for a disinformation campaign designed to unseat the liberal Australian Prime Minister Gough Whitlam. This disinformation campaign falsely accused Whitlam of various immoral and illegal acts. Whitlam was forced out of office by the British government invoking powers to impeach Commonwealth officials.

Once auditors discovered millions of dollars were missing from the Nugan Hand Bank and the connection between the bank and the CIA was revealed, a CIA agent from Washington, D.C., flew to Sydney with a false passport for Michael Hand. He and Hand flew to the United States and Michael Hand disappeared.³⁰ Inquiries to Michael Hand's father were answered with denials of any information about him.

The CIA's intimate involvement in the Nugan Hand bank owned by one of its former (or perhaps continuing) operatives combined with the uncanny number of intelligence and military officers connected to the bank makes it untenable to suppose that the CIA was unaware of the bank's involvement in money laundering and the financing of international narcotics smuggling. A more plausible explanation is that the CIA did not stop its practice of supporting and cooperating with narcotics smugglers at the end of the Vietnam War but continued to promote these relationships as a way of paying for clandestine operations and continuing the support of drug traffickers they had come to depend upon.³¹

At least since the 1980s the CIA has been cooperating with narcotics smugglers in Latin America as a means of supporting the guerilla war against the Nicaraguan government. In her excellent study of the CIA, Leslie Cockburn quotes Ramon Milian-Rodriguez who, until his indictment in 1983, laundered \$200 million a month for clients such as Pablo Escobar

and Jorge Ochoa who were in control of about 40 percent of the world's supply of cocaine:

“There seems to be a big to-do about the CIA having connections with drugs. It might be news now, but it's something that has been quite prevalent for quite some time. Outside of the United States, drug dealers are very powerful people. They have the ability to put governments in power or topple them, if they do it subtly. They have cash. The CIA deals primarily with items outside of the U.S. If they want to deal in foreign countries' policies and politics, they are going to run up against, or run with, the drug dealers. It can't be done any other way . . . if the end result is for the benefit of everyone, it usually works. You know, whether the players are the contras today or the Tupamaros or whatever, as far as I've been able to see, that's the way it's always been.”³²

An article in the *Washington Post* claims that independent counsel Lawrence E. Walsh was given a report detailing a connection between a Colombian cocaine trafficker and Southern Air Transport.³³ Southern Air Transport is a subsidiary of Air America and is the airline which flew a C123 that was shot down in Nicaragua on October 6, 1986, while delivering an illegal shipment of arms to the Contras. Southern Air Transport also was involved in illegally smuggling arms to Iran and to the Contras after Congress passed the Boland Amendment, which prohibited the shipment of military aid to the Contras.

Thus, the evidence is very persuasive that the CIA has become the world's most important smuggling operation dealing in narcotics and military weapons. As a consequence, there have been some fundamental changes in organized crime in the last twenty years. These changes help to explain the “unusual events” I observed in the late sixties and which I outlined in the last chapter. The underlying cause and the consequence of the changes can be summarized thus:

1. Political parties in the United States depend on acquiring

vast sums of money for political campaigns. One source of political money that is unusually valuable to political parties is money from organized crime activities. This is so because the money can be easily hidden and can be used as either a source of personal profiteering or political campaign expenditures.

2. Organized crime activities such as gambling, fraud, smuggling, and usury depend on the cooperation of law enforcement officials, politicians, and legitimate business people for successful operation.

3. Therefore it follows that a symbiotic relationship serving shared interests will develop between people capable of providing illegal goods and services, legitimate business people, politicians, and law enforcement agencies.

4. When criminal networks were developing in the thirties and forties, the most successful entrepreneurs in these networks aligned themselves with Democrats. This resulted quite naturally from the fact that the Democrats during these years were the party of greatest power. For an understanding of organized crime in America, two important exceptions to this pattern are California and Florida, both of which since World War II have split their voting between the Republicans and the Democrats.

5. Meyer Lansky's established connections to the Democrats led Santo Trafficante, Jr. (and others such as Carlos Marcello of New Orleans) to forge political alliances with Republicans, which he did quite successfully both in Florida and nationally.

6. With Richard Nixon's election in 1968 (which dovetailed, incidentally, with the election of a Republican governor of Nevada), law enforcement agencies and policies were unleashed which effectively undermined some of Meyer Lansky's most important financial holdings. These efforts included (1) forcing him to sell his holdings in casinos in Nevada to Howard Hughes, a longtime supporter of Richard Nixon and

the Nevada Republican Governor Paul Laxalt; (2) forcing him to sell his interests in Miami and Key West banks to a consortium of businessmen including Nixon's lifelong, closest friend, Bebe Rebozo; (3) obtaining indictments against him in Florida and Nevada and putting pressure on Turkey and France to conscientiously enforce the laws against the production of opium and heroin. Since Lansky's heroin trafficking empire depended on the "French Connection," this effort was a significant blow to Lansky's enterprises.

7. Lansky struck back by trying to influence elections on the state and national level of people who would intervene in his behalf. One of the places he offered financial backing was Seattle, Washington, which is why he offered to underwrite the campaign of a Democrat against a Republican.

8. Lansky's longtime competitor in Florida and Cuba (see below), Santo Trafficante, Jr., went to Southeast Asia and arranged for the shipment of heroin into the United States.

9. The U.S. government threatened to cut off military aid to Turkey if they did not make a concerted effort to curtail opium production. The Drug Enforcement Agency posted over a hundred agents in France to work with the French to eliminate heroin production in Marseilles.

10. In Southeast Asia the CIA cooperated with opium and heroin producers and the proportion of heroin coming into the United States that originated in Southeast Asia rose to almost 50 percent in the years between 1968 and 1972. The amount of heroin originating in the Middle East dropped proportionately.

11. On the municipal and state levels, U.S. attorneys were given the green light to investigate political and law enforcement corruption in cities with powerful Democratic Party machines. Particularly targeted were cities like Chicago and Seattle where the organized crime network was allied with Democratic politicians. Chicago was especially important because of

the wealth and power controlled by Sam Giancana, who dominated one of Chicago's most powerful organized crime networks and supported the Democratic Party locally and nationally. Giancana was so powerful that he claimed to have been responsible for John F. Kennedy's election (and Nixon's defeat) in 1960.³⁴

12. During these years, then, between 1968 and 1974, a sea change took place in the power structure of national organized crime networks and in international narcotics and arms smuggling. The CIA, in collaboration with established organized crime network leaders such as Santo Trafficante, Jr., entered into drug trafficking and money laundering through banks that they either owned or substantially controlled.

13. The relationship between the CIA and organized crime networks continued through the 1970s and 1980s and helped finance illegal arms smuggling to Iran and to the Contras in Nicaragua. In fact, many of the *same* people were involved in the smuggling of arms to Iran and the Contras who played a part in the smuggling of opium in Vietnam. The complicity of the CIA in the illegal smuggling of drugs has apparently expanded out of Southeast Asia in recent years and includes the support of political leaders who control and operate drug smuggling networks in Latin America. Heading this list are military dictators such as Noriega in Panama and the military junta in Haiti.³⁵ WHY?

Why would the CIA, the National Security Council, the Defense Department, and the State Department become involved in smuggling arms and narcotics, money laundering, and other criminal activities? The answer lies in the structural contradictions that inhere in nation states.³⁶

The military-intelligence establishment in the United States is resolutely committed to fighting the spread of "communism" throughout the world. This mission is not new but has prevailed since the early 1900s. From the point of view of those who are committed to this goal, the sad reality is that the

Congress and the presidency are not consistent in their support for the money and policies thought by the front-line warriors to be necessary to accomplish their lofty goals. As a result, programs under way are sometimes undermined by a lack of funding and even by laws that prohibit their continuation (such as the Congress' passage of laws prohibiting support for the Contras). Officials of government agencies adversely affected by political changes are thus placed squarely in a dilemma: if they comply with the new limitations on their activities, they sacrifice their mission. The dilemma is heightened by the fact that they can anticipate future policy changes which would reinstate their resources and their freedom. When that time comes, however, programs adversely affected will be difficult if not impossible to recreate.

A number of events that occurred between 1960 and 1980 left the military and the CIA with badly tarnished images. These events and political changes underscored their vulnerability.

The CIA lost considerable political clout with elected officials when its planned invasion of Cuba (the infamous Bay of Pigs Invasion) was a complete and utter disaster. Perhaps as never before in its history, the U.S. showed itself vulnerable to the resistance of a small nation. The CIA was blamed for this fiasco even though it was the president's decision to go ahead with the plans that he inherited from the previous administration. To add to the agency's problems, the complicity between it and ITT to invade Chile was yet another scar. Although this time successful in its goal to overthrow the government of Chile, it was nonetheless a very controversial enterprise which was made worse by the revelation that the CIA was at least indirectly involved in the assassination of General Renee Schneider, the Chilean army chief of staff. The involvement of the CIA in narcotics smuggling in Vietnam was yet another embarrassment to the agency.

These and other political realities led to a serious breach

between Presidents Kennedy, Johnson, Nixon, and Carter and the CIA. During President Nixon's tenure in the White House, one of the CIA's top men, James Angleton, referred to Nixon's national security advisor, Henry Kissinger (who became secretary of state), as "objectively, a Soviet Agent."³⁷ Another top agent of the CIA, James McCord (later implicated in the Watergate burglary), wrote a secret letter to his superior, General Paul Gaynor, in January, 1973, in which McCord said:

When the hundreds of dedicated fine men and women of CIA no longer write intelligence summaries and reports with integrity, without fear of political recrimination—when their fine Director (Richard Helms) is being summarily discharged in order to make way for a politician who will write or rewrite intelligence the way the politicians want them written, instead of the way truth and best judgment dictates, our nation is in the deepest of trouble and freedom itself was never so imperiled. Nazi Germany rose and fell under exactly the same philosophy of governmental operation.³⁸

McCord spoke for many of the top military and intelligence officers in the United States when he wrote in his autobiography: "I believed that the whole future of the nation was at stake. If the Administration could get away with this massive crime of Watergate and its cover up, it would certainly stop at nothing thereafter. The precedent such would set for the nation would be beyond belief, beyond recovery, and a disaster beyond any possible reversal, if it were able to succeed in the cover up."³⁹

These views show the depth of feeling toward the dangers of political "interference" with what is generally accepted in the military-intelligence establishment as their mission.⁴⁰

When Jimmy Carter was elected president, he appointed Admiral Stansfield Turner as director of the Central Intelligence Agency. At the outset, Turner made it clear that he and the president did not share the agency's view that they were

conducting their mission properly.⁴¹ Turner centralized power in the director's office and took an active part in overseeing clandestine and covert operations. He met with a great deal of resistance. Against considerable opposition from within the agency, he reduced the size of the covert operation section from 1,200 to 400 agents. 'The agency people still refer to this as the "halloween massacre."'

Old hands at the CIA do not think their work is dispensable. They believe zealously, protectively, and one is tempted to say, with religious fervor, that the work they are doing is essential for the salvation of humankind. With threats from both Republican and Democratic administrations, it is not difficult to imagine that the old guard would seek an alternative source of revenue to carry out their mission. The alternative was already in place with the connections to the international narcotics traffic, arms smuggling, the existence of secret corporations incorporated in foreign countries that guaranteed secrecy (such as Panama), and the established links to banks for the laundering of money for covert operations.

While the CIA and its former or present agents were setting up dummy corporations and money-laundering banks throughout the world to facilitate their smuggling operations and to finance their clandestine operations including planned assassinations and the overthrow of governments, they inevitably got involved with international criminal networks whose expertise on smuggling, dummy corporations, money laundering, and clandestine relations with cooperative segments of foreign countries had been successfully cultivated for at least fifty years.

The Aftermath

The CIA's involvement in narcotics and the sea changes taking place in the organization of criminal enterprises in the United States has a ripple affect on American politics and gov-

ernment as well. It was the beginning of the creation of a shadow government, and despite months of congressional hearings and the appointment of a special prosecutor to look into the criminality of government officials, the real nature of the operations and the sinister implications remain unexplored by the congressional committees that by design or from ignorance refuse to inquire into the connections between organized crime networks, narcotics smuggling, and the CIA.

The changes in international arms and drug smuggling are caused by the same structural contradictions that are the source of the creation, maintenance, and characteristics of crime networks that organize gambling, narcotics, prostitution, stolen property, and sundry other criminal activities in the United States. This is the subject of the next and final chapter of this inquiry.

CHAPTER NINE

The Enemy Is Us

THE FIRST PRESIDENT of the United States, George Washington, used the office of the presidency to enhance his personal fortune. A precedent was established that one way or another has characterized every administration since. During the administration of Ulysses Grant, the officers of the Union Pacific Railway were caught pocketing money from government bonds, and the vice president was implicated in the plot. During Grant's second term of office, frauds totaling some seventy-five million dollars were unveiled, and Grant's secretary of war (who was forced to resign) and his personal secretary were implicated in the fraud.

In the 1840s Martin Van Buren was so corrupt that popular songs eulogized his willingness to sell anything he controlled for a price. As president his control extended to the Department of Justice.

Warren Harding was perhaps less fortunate than his predecessors, since his administration's scandal ("Teapot Dome") has become a pseudonym for political corruption. The scandal involved the leasing of government land at Teapot Dome, Wyoming, to the oil magnate H. F. Sinclair. In the end, Sec-

retary of the Interior Albert B. Fall was proven to have personally benefited substantially from this and other land leases. Fall was eventually tried, convicted, and sentenced to jail (for one year) for having accepted a bribe. The Teapot Dome Scandal was only one of many during Harding's administration, and he was spared much of the torture of the scandal by his conveniently-timed death.

President Roosevelt's administration was relatively free from scandal, although this is probably more a result of crises (Depression and World War II) acting as a smoke screen that kept ordinary graft and corruption from being terribly significant.

Harry Truman's administration saw a White House military general, Harry H. Vaughn, accepting a deep freeze in return for using his influence. Donald Dawson, a close Truman aide, was implicated in a scandal involving the misuse of public funds and influence by the Reconstruction Finance Corporation. The Internal Revenue Service was involved in yet another Truman-era scandal which culminated in a conspiracy trial against Truman's former appointments secretary.

Sherman Adams, one of President Eisenhower's closest associates, accepted numerous gifts from an industrialist, Bernard Goldfine, who was at the time trying to influence decisions made by the Federal Trade Commission. Sherman Adams was forced to resign as Eisenhower's special assistant.

Lyndon Johnson began his political career by staffing the ballot counters in rural Texas with people who counted nonexistent votes for Johnson. His career as a senator, vice president and president was sprinkled with close associations with organized crime figures like Ed Levinson and Meyer Lansky as well as blatant shakedown rackets conducted by his closest associates such as Bobby Baker (see chapter seven).⁴²

Richard Nixon's presidency represented a high-water mark in the exposure of public corruption and misuse of office for personal gain, as detailed in the preceding chapters.

During the Reagan administration, over a hundred and fifty Reagan appointees were forced to resign for alleged or proven criminal acts. The criminality of Reagan appointees extended to his closest friends and continued after they were out of office as well as while they were active in government. Some went to prison, some were fined, and others were let go with only a slap on the hands.

On the state and local level, corruption of police and politicians is revealed with a regularity that is as predictable as the laws of motion. On August 3, 1974, the Knapp Commission which investigated corruption in New York City, reported:

We found corruption to be widespread. It took various forms depending upon the activity involved, appearing at its most sophisticated among plainclothesmen assigned to enforce gambling laws. . . . Plainclothesmen participating in what is known in police parlance as a "pad" collected regular biweekly or monthly payments amounting to as much as \$3,500 from each of the gambling establishments in the area under his jurisdiction, and divided the take in equal shares. The monthly share per man (called "the nut") ranged from \$300 and \$400 in midtown Manhattan to \$1,500 in Harlem. When supervisors were involved they received a share and a half. . . . "⁴³

The commission found evidence that payoffs were widespread in the other divisions of the New York Police Department as well. In 1987 and 1988 four of America's major cities—Chicago, Washington, Philadelphia, and New York—were exposed for having extensive corruption in high political offices, the judiciary, the police, and among private business people and attorneys. In Chicago, for example, the so-called "Greyford" investigation of corruption culminated in the indictment of more than eighty people including thirteen judges accused of corrupt practices while presiding over courts in Cook County. As of December 1987 fifty-eight of the eighty

have been convicted, two have been acquitted, and one has died. Eight of the judges have been convicted, one has been acquitted, and one is awaiting trial. Defendants include thirty-nine lawyers, seven Chicago police officers, two court clerks, one court-appointed receiver, and nine Cook County deputy sheriffs. The charges include mail fraud, racketeering, tax violations, and the paying and taking of bribes to fix cases. One judge, John F. Reynolds, was sentenced to a ten-year prison sentence. The investigations in New York, Philadelphia, and Washington during this period are similar except that in New York the indictments included many more elected political officials than has been the case in Chicago so far.

Corruption of police, politicians, and presidents is, then, not a new phenomenon. Nor is the complicity between federal agencies and organized crime networks. We saw in the last chapter how President Roosevelt in the thirties turned to organized crime czar Meyer Lansky when he needed to convince Cuba's President Batista not to run for president of Cuba. The Office of Naval Intelligence also solicited the aid of Meyer Lansky in an effort to keep Harry Bridges, a communist labor leader from California, from organizing the longshoremen in the New York harbors. After World War II the U.S. Army worked hand in glove with the Italian and Corsican Mafioso to suppress socialist movements in Italy and France. One consequence of that relationship was the development of international heroin trafficking in Marseilles and a political and economic strengthening of the Mafia in Italy.⁴⁴ The use of organized crime figures to plot assassinations, coordinate the smuggling of drugs and arms for the CIA, and generally stand in readiness to "serve their government" is a longstanding tradition.

The fact that the organized crime networks are ubiquitous and that law enforcement agencies as well as individual politicians work hand in glove with them underscores two of the

main conclusions to be drawn from my research. First, is that what I found in Seattle is not unique to that Northwestern city but is characteristic of America's large cities and has been since at least the turn of the century. Second, is that the *exposure* of corruption is a *political* event and must be understood as such. This latter point warrants elaboration.

Given the ubiquitous nature of corruption and institutionalized criminal practices in America, when it is exposed the question to be asked is not "how did it happen?" Rather, the question that must be asked is "why is it being exposed?" The answer is clearly implied by the data and the theory spelled out in the preceding chapters. Corruption is exposed when those who control the law enforcement agencies will benefit from its exposure. In 1969, the crime network in Seattle was exposed as a way of serving the interests of the Republicans when they gained control of the White House and key political offices in Washington State. That scenario is repeated every time there is a change of political parties. Nineteen eighty-eight is an election year. The Republicans have been in control of the government since 1981, ample time to put in motion priorities in the Department of Justice. Selected cities have been targeted for corruption investigations. The four cities targeted are Chicago, Washington, Philadelphia, and New York. These cities are strongholds of the Democratic Party with extensive crime networks that pay enormous amounts of money into the political campaigns (and personal bank accounts) of leading politicians, law enforcement officials, judges, business people, and others connected with organized criminality. If the Republicans can neutralize these contributions and control the votes in these four cities they will win the presidential election of 1988.

At the same time the Democrats are fighting back with the political clout at their disposal. They control the Senate and the House of Representatives. Throughout 1987 the Demo-

crats held public and "closed door" hearings on the sale of arms to Iran and the illegal disbursement of money, arms, and U.S. military personnel to the Contras in Nicaragua. Innumerable crimes were committed by government officials in the course of conducting these operations. By exposing these crimes, the Democrats could undermine the credibility of the president and the Republican Party, thus enhancing their own chances of winning the next elections. There is, however, a dilemma in this threaders game. Neither party benefits if the true depth of the corruption and criminality is exposed. For that to happen would undermine the legitimacy of the system in ways that might be irreparable. The delicate task in Seattle, as well as during the Watergate investigation and the Iran-Contra hearings, has been to reveal enough to be politically useful for those seeking to unseat those in power but not so much as to create widespread disillusionment. The Iran-Contra hearings were tailored to perfection to accomplish these contradictory goals. They were carefully orchestrated to reveal enough to hurt the Republicans but to avoid getting at the heart of the matter: the fact that the military-intelligence establishment in the United States is and has been for at least fifty years implicated in systematic criminality including cooperation with organized crime figures, narcotics trafficking, illegal political plots, and even assassination in their zealous pursuit of anti-communism.

Each political party, in other words, exposes *some* but not *all* the dirty linen of the other, using whatever power they have to do so. The Democrats cannot investigate corruption in Kansas City, Los Angeles, San Diego, Cleveland, and Seattle where, today, the Republicans control the crime networks, because they do not control the Department of Justice. So they go to the federal level. The Republicans cannot control congressional investigations but they can control where the federal agencies look for corruption and criminality in cities and

states. Fortunately for the political power games, but unfortunately for the American people, there is enough corruption and criminality to give each party a fair share of the headlines and a chance to expose a small amount of the dirty linen of the other party. The finding reported in the earlier chapters that the investigation and revelation of widespread corruption in Seattle resulted from changes in political power nationally and within the state is characteristic of corruption scandals throughout the United States.

It is imperative that we are aware of what is going on. It is even more important, however, that we understand why. Throughout this book as we have moved from a description of the crime networks in Seattle to those of the United States government, we have discovered facts and uncovered relationships that indicate how the political, economic, and social relations of America create inevitable tendencies toward corruption and the institutionalization of crime by government officials, racketeers, lawyers, and ordinary business people. Let us look more systematically now at the theoretical conclusions suggested by the findings.

Crime and Structural Contradictions: A Theory

Good research scratches where it itches. America, indeed the world, desperately needs to be scratched where the crimes of the powerful shape and control our lives. Good research also involves the testing and modifying of theories. Contrary to popular belief, scientific knowledge is not produced by simply accumulating facts. Just as a house is not simply a pile of bricks and mortar but must be conceptualized and constructed from the basic ingredients, knowledge requires constructing theories that make sense of the facts at hand. Every research effort is guided by an underpinning theory. The theory that grew out of my research is interwoven with the report on what

I found. In concluding, it may be helpful to articulate the different threads that bind together the theory. My intention is to explain why criminal organizations emerge, are sustained, and become intertwined with political parties, law enforcement agencies, and, ultimately, the government. The paradigm that underlies the theory derives not solely from the study of crime networks but more generally from the study of crimes of all kinds.

My concern is to develop a *sociological* explanation. I do not think it is as important to explain why one person, say Ollie North, would sell arms to Iran while another person would refuse. It is far more important to understand the characteristics of the social structure that create the institutionalization of criminality. If crime and corruption were simply the action of an occasional corrupt government official, focusing on individual motivations would make sense. When it is ubiquitous and institutionalized then we must seek our answer in structural characteristics of the political, economic, and social system.

Criminal behavior is a response of groups and social classes to the resources and constraints that exist in the social structure. Organized criminal activities are the end result of a *process* which reflects people's actions as they adapt to characteristics of the social structure: "The world is not to be comprehended as a complex of ready made *things* but as a complex of *processes*."⁴⁵ The processes that culminate in the creation and sustenance of criminal networks are those that involve the response of people in positions of power to the *contradictions* that exist in the social structure of which they are a part.

The most important conflicts extant in a particular time and place are those that derive from the way the social, economic, and political relations are organized. How people make a living; the work they do; the way they organize their labor to produce the things that are useful and necessary for survival;

how they distribute the results of their labor and organize power relations; these are the most basic characteristics of any human group. People may create a political organization that strives for equality or one that creates vast differences in wealth between the rich and the poor. People may create a political structure that allows every member of the community a voice in every decision or they may organize their politics so that only a few people have the right to decide. There exists an apparently infinite number of possible combinations and permutations.

Criminal behavior is generated because of the contradictions that inevitably arise in the course of the working out of the particular form of social, political, and economic structures. The types of crime, the amount of crime, and the distribution of crime in a particular historical period and society depend on the nature of the existing contradictions, the conflicts that develop as people respond to the contradictions, and the mechanisms institutionalized for handling the conflicts and dilemmas produced by the contradictions.

In every industrialized society, products cannot be manufactured or services provided unless people can be forced, coerced, encouraged, cajoled, or persuaded to do the work necessary to produce the goods or supply the services. In so-called socialist societies the effort is made to persuade people to work in order to benefit the community. There is considerable evidence that given other characteristics of modern-day socialist societies, this effort does not work very well. In capitalist societies there seems to be no lack of motivation to acquire commodities and to work for the money necessary to acquire them. The problem in capitalist societies is that for some people it makes more sense and is more likely to give them the money necessary for purchasing commodities and services if they work at criminal activities than at non-criminal ones. On the broadest level, then, the contradiction in capitalist societies that in-

stigates the process by which some people end up committing criminal acts (and why organized crime networks emerge) is what we may call the wages-consumption contradiction. For capitalism to work, people must be taught to want to purchase, acquire, and consume vast amounts of products and services. On the other hand, those who own the means by which products are produced want to maximize their profits, which means paying as little as possible to those who work for them. Inevitably, then, some people will not have enough money to live up to the minimum standard of consumption deemed acceptable by the culturally defined values. Crime in all its various guises offers a handy solution to those willing to take the risks necessary to acquire the money.

Government officials are also caught in contradictions that lead to the institutionalization of criminal networks. In order to legitimize the system, laws are promulgated that are supposedly universal. If it is a crime for a man to poison his wife, it must also be a crime for a government official to poison the president of another country. If it is a crime for Santo Trafficante to smuggle heroin, it must also be a crime for the CIA to do so, or the legitimacy of the legal order cannot be maintained except through blatant coercion backed by the use of state violence.

The laws prohibiting individual citizens from such actions, however, are a cumbersome burden on government officials who see their goals as justifying the use of such measures. It is only a short step, then, from cooperating with racketeers to maintain order to cooperating with assassins and smugglers to stop communism.

A fundamental contradiction in capitalist societies is that the accumulation of capital is the avenue to success, but not everyone can accumulate enough capital legally to enjoy "the good things of life." For some, illegal means provide an alternative.⁴⁶ The profits from gambling, smuggling, fraud, pros-

titution, and a host of other criminal activities are so immense that it is inevitable that some people will be willing to take the risks involved in order to enjoy the benefits. It is axiomatic that if there is a demand for drugs, sex, gambling, stolen property, and other illegal goods and services, and if the profits are great to those who will provide the goods and services, some people will always come forth to do the job. In fact, many people will come forth and compete to do the job.

Among those wanting illegal goods and services to be available are important and powerful sectors of every local community. Professional people want to gamble, consume drugs, engage prostitutes, and invest in profitable enterprises. Hotels and restaurants do not want a "clean city" or conventions will go elsewhere. Business and professional people do not want gambling stamped out, they want it controlled. City officials are most appreciated by some of the most powerful interests in the community when their constituents can bet on football games and not have to travel to Las Vegas to play poker.

The police are thus embedded in a morass of contradictions. They are supposed to enforce laws that are unenforceable and that many powerful interests do not want enforced. What they want is not enforcement, but *control*. In essence they want the police to *manage* the illegal enterprises so that people who do not want to participate in them will not know they are present and those who do want to can find them relatively easily.

Adding to the pressure to tolerate some forms of criminality is the organizational necessity for law enforcers to cooperate with some criminal elements in order to be able to get the information necessary for effective law enforcement of other crimes. Virtually every policeman, drug enforcement agent, and intelligence agent I have interviewed admitted that it would be impossible to control any forms of criminality without cooperating with selected criminals. This means allowing some drug sellers to sell drugs, providing drugs to some addicts

to sustain their habits, making deals with some criminals in order to get information on others. In short, law enforcement and intelligence agencies are in the business of providing protection in return for information and assistance.

The law enforcement agencies are replete with contradictions: demands and expectations are made that cannot be simultaneously accommodated without fundamentally changing the organization of law enforcement. Caught in these and sundry other contradictions, the organizations follow the line of least resistance and seek to maximize rewards and minimize strain. They enter into agreements and practices with people who can provide the resources they need to accomplish some of their work while compromising other goals. In the end the police, prosecutor, and politicians end as managers of the criminal networks, and corruption is rampant.

The crimes of the front-line protectors of what they perceive to be "American interests," such as the CIA and the National Security Council, live with different contradictions, but the process of institutionalizing crime is much the same. Caught between the inconsistent support of the Congress for financing groups willing to fight for the causes that they are supposed to represent, they look for assistance where they can and eventually find it among people who are experts in criminal organization. In the end those who are supposed to be defending freedom become part of the process to destroy it. Where once they represented a force seeking to create a better world, they become a partner in smuggling narcotics, murder, and terror.

What Can Be Done?

If our theory is correct, only a revolution could eliminate the contradictions that create the tendency of criminal networks to develop in capitalist societies. Aside from a revolution, which seems an unlikely solution in the near future, we

must seek better alternatives to the conflicts and dilemmas generated by contradictions which will not go away.

Most proposals for eliminating crime networks are either moral pronouncements or a call for revolution. Neither is very realistic. Crime networks will not disappear by moral preachments or by changing the individuals in positions of power so long as crime remains a solution to structural contradictions. A revolution is neither certain to eliminate contradictions nor likely to occur in the foreseeable future. Thus crime networks will in all likelihood continue to be pervasive. We can, however, reduce their importance and control their power. The absolutely necessary condition for accomplishing this requires fundamental changes in our election laws. The practice of allowing candidates for office to spend millions of dollars (or in the case of the presidency more than a hundred million dollars) on an election campaign is an invitation to corruption and cooptation of democracy that cannot be refused. The new federal election laws passed in 1972 in the aftermath of the Watergate scandal were a tiny step in the right direction: at least now we do know something about the magnitude of expenditures and we have some idea where some of the money comes from. Obviously, with all these qualifiers—"something about the cost. . . . some idea of where the money comes from"—it can scarcely be claimed that we know very much. What is required is an *elimination* of all private funding for campaigns and a strict accounting for expenditures including the contribution made by so-called "voluntary" workers. To suppose the legislators will enact these laws *without substantial pressure from the public* is more naive than to wait for a revolution. People must get mobilized to force those in power to give up their privileges, including the privilege of supporting candidates who will do their bidding with large contributions, and lawmakers who benefit from such support. That such movements can make a difference is witnessed by the civil

rights movement, the antiwar movement, the women's movement, and in earlier years (before they were coopted), the labor union movements in the United States. For democracy to work requires not only eternal vigilance, it requires constant political action on the part of the people.

The necessary condition, then, is to eliminate the power that organized crime profits can gain through the political money they provide. This is a start but it would certainly not be sufficient to adequately reduce its power. We also must accept the fact that where profits are high and demand is sustained, "somebody is certain to try to hustle up an adequate supply."⁴⁷ As long as providing things that are heavily in demand and very profitable is illegal, then crime networks are inevitable. Thus, to eliminate or at least reduce the magnitude and change the character of crime networks requires the decriminalization of those profitable enterprises that support the networks. Second, to control the tendency of government officials to forge criminal solutions to contradictory demands, we must institutionalize independent, nongovernmental agencies to oversee government operations.

Years ago Great Britain placed the problem of opiate (heroin and morphine) addiction in the hands of medical doctors. The sale and distribution of opiates is illegal in Britain. Anyone addicted to opiates, however, can register with a doctor and be given a dosage that will sustain them. This policy has not resulted in the elimination of opiate addiction. Furthermore, there is still a market for illegal drugs. Nonetheless, the proportion of the population addicted and the degree to which criminal networks exist to supply drugs in Britain is minuscule compared to the United States. Other European countries have had the same experience.

Opiates form one major source of income for crime networks, including the networks controlled by the CIA. The other two drugs of greatest consequence are cocaine and marijuana. Cocaine, like the opiates, is for some people a highly

addictive and debilitating drug. To legalize it in the sense of making it available for consumption to everyone would produce a set of problems comparable to those resulting from the fact that alcohol is legal. That is, most people who use cocaine would not become addicted and in time mechanisms for controlling its use would develop within the culture. Doctors and other specialists would become more knowledgeable about how to help people for whom the drug was addictive much as we have learned how to help people cope with problems of alcoholism. Needless to say, this solution is not a perfect one, but the alternative—making the drug illegal and thereby creating crime networks—is a very high price to pay for a relatively small benefit. It is unlikely that many more people than presently experience problems with cocaine would experience problems if the drug were legal. When alcohol is an illegal commodity, the number of alcoholics is not significantly lower.

Marijuana is quite a different drug than cocaine or opiates. It is arguable that marijuana use is much less harmful than is the use of alcohol. Where marijuana use has been essentially legalized (in California for example), crime networks have dissipated in importance in the production and supply of this commodity. This has not made an appreciable difference in the importance of crime networks in California, since other sources of income are unaffected. If the profits from opiates and cocaine were eliminated as well, however, the effect could be significant.

In general, the same principle should be applied to gambling. If gambling were legalized and effectively controlled by state and federal agencies, this would reduce the profits of criminal networks. Indeed, the elimination of profits from drugs and gambling would reduce the annual take of crime networks in the United States by billions of dollars. Since money is power, it would correspondingly reduce their power.

The second condition necessary for reducing the power and

influence of crime networks is the creation of organizations to survey government operations. We cannot expect the police or the CIA to control their own criminality. The forces that lead to their criminality are far too powerful. What is necessary is that citizen groups form that will constantly watch over government agencies. In recent years we have witnessed the emergence of some groups attempting to do this. In particular the Christic Institute has been engaged in legal and educational activities designed to expose government corruption and involvement in illegal drug trafficking. It will require the formation of thousands of other citizen groups before we can expect to see even a dent in the complicity between government and organized crime. The fact that one small group has begun, however, is an important beginning.⁴⁸

Conclusion

Acts become defined as criminal in an attempt to resolve conflicts and dilemmas produced by contradictions inherent in the structure of political, economic, and social relations of a particular historical era.⁴⁹ Criminal behavior is a response of people in different social classes and groups to structurally induced contradictions. The organized crime networks in and out of government that permeate modern societies are a result of a process by which people respond to the realities of their lives and develop creative ways of coping with their world.

In the process of responding to structural contradictions, Anglo-American law developed with an ideological underpinning of a commitment to equality, justice, and universality. These ideologies, however, sometimes contradict role expectations and the need to efficiently accomplish other goals expected of law enforcers, entrepreneurs, and government officials. Criminal networks emerge as a solution to the conflicts generated by these contradictions.

Laws prohibiting gambling, bribery, official corruption, vice, prostitution, drug use, smuggling, and usury were attempts to resolve problems stemming from contradictions. Some were intended to help control the “teeming masses of urban dwellers who walk the streets seeking money by any means fair or foul.”⁵⁰ Others, such as anti-opium laws, came as a consequence of international competition as it developed into a worldwide, all-encompassing economic system.⁵¹ Today, these laws are the seeds from which organized crime networks grow. The consequence is far greater than anyone could have anticipated. Indeed, the result is that to a very real extent the free enterprise system, not to mention the ideal of a democratic society, is seriously undermined.

It is not the goodness or badness of people that accounts for the emergence and persistence of crime networks. The people who run the network in Seattle are not amoral men and women. On the contrary, they are for the most part moral, committed, hard-working, God-fearing politicians and business people. It is paradoxical, of course, that someone can kill, threaten, coerce, and misuse their official position to protect themselves and still adhere to a set of moral principles with which “all right-minded consciences” agree. But from the point of view of the military officer who cooperates with drug smugglers or the policeman who accepts a bribe, they are merely protecting more important principles. “The Fourth of July oration is the front for graft,” Lincoln Steffens wrote. It is often the sincere belief of the grafters that they are also performing a public service and living up to the principles of the Fourth of July oration.

The people in the crime network in Seattle, like the government officials who sold arms to Iran and provided money to the Contras, acted within both the logic and the values of America's political economy. They sought to accomplish goals contradicted by law but which they perceive as legitimate: to

maximize profits, to protect America from communism, to expand markets, and to provide goods and services demanded by "the people" or people for whom they were working. One set of goals often necessitates a compromise with other goals or values. The members of the government, like the racketeers in crime networks, fight for the protection of values that are consistent with their world-view and sense of right and wrong. Not surprisingly, they are willing to violate the law to live up to the logic and values of their world.

These things can be changed, but not without effort. The effort must come from those who know and who care enough to act. That is, it must come from *us*.

SOURCE NOTES

INTRODUCTION

1. New York: Harcourt Brace, 1931, p. 8.
2. National Commission on Law Observance, Washington, D.C., U.S. Government Printing Office, 1931.
3. *Theft of the Nation* (New York: Harper and Row, 1969), p. 1.
4. *Ibid.*, p. 21.

CHAPTER THREE

I met Bob Williams several months before he was killed. He was willing to talk rather freely about his own work but hesitated to provide much information that would implicate anyone else.

By accident I first heard about how he died from an M.D. who was working as an intern at the county general hospital. He told me about a "young black man" who had been brought in on successive nights as I have described it. I did not know that it was Bob Williams at the time, but I decided I should look into it. Interviews with some of the police officers to whom I had talked about other matters confirmed the story told to me by the doctor.

Primarily the data on the size and degree of criminal involvement of illegal businesses come from informants who either were themselves principals in the enterprises (and thus in a position to know) or were close enough to the principals to have such knowledge. Some of the data provided here on the magnitude of illegal enterprises were later confirmed in testimony before federal and county grand juries between 1969 and 1972.

In general I did not accept as "fact" data provided by only one informant. Furthermore, even if more than one informant told the same story, the story was not taken as fact until I was able to hear it from someone intimately involved in a particular transaction or event. Often, as in the poker games, I observed for myself the truth of what I was told.

CHAPTER FOUR

Much of what is reported in this chapter is “common knowledge” among people who played, organized, and observed the rackets. This included small-time burglars, petty thieves, waitresses in cardrooms, and cardroom managers. I first heard most of the stories and connections outlined in this chapter from these people. I was, however, suspicious of the accuracy of their picture. Later I was able to get confirmation from some of the principals involved—two of them in particular being a leading member of the network who worked in the sheriff’s department (who is now deceased) and a city police officer who, although not himself involved, had at one time been an active “player” in the network and knew exactly who was involved and how the system worked. In addition there were my numerous phone calls, midnight meetings, and casual conversations with fellow-gamblers and “bridge players” which confirmed the basic outline of the network as well as specific facts.

There were in addition my own observations of meetings and occasionally an overheard conversation. One of my most highly placed informants was also willing to let me see notes he had kept of some of the meetings and decisions made by various groups.

The question naturally arises as to why people, especially people at the top, would be willing to talk to a sociologist. Unfortunately I have no easy answer to that question. Individuals’ motives for doing what they do remain a dark mystery to social science despite centuries of speculation and inquiry. Some informants wanted revenge for a wrong they felt had been inflicted on them. Others were interested in getting rid of competitors and enemies and saw in me a possible source of outside intervention. Still others were genuinely indignant and incensed at the corruption they had witnessed and in some cases participated in. Some were retired and wanted perhaps to “set the record straight” since they were no longer involved. Some just liked to talk.

There was also a point of pride that helped loosen some otherwise sealed mouths. I developed a strategy of interviewing which began by telling a prospective informant what I had heard. Often what I told the person was some piece of information I already knew was false. But the fact that I, a sociologist interested in a scientifically accurate picture, might believe an erroneous piece of nonsense led many people to want to set me straight. It

was not difficult to push for facts and dates and further sources of information under those circumstances, because the interviewee was put in the position of having to give me more than just opinion as to why I should *not* believe what someone else had told me was true.

Finally, since I was myself an active participant in many of the illegal enterprises, it was impossible to put me off with a glib denial. I offered, in fact, to take the sheriff and a high-ranking police officer to see the gambling, prostitution, and drug transactions, which, of course, they already knew about. Nor could they simply fall back on the age-old defense that these things were “so difficult to prosecute,” because they knew that I knew they were fully capable of closing down all the gambling, prostitution, and drug dealing in the city (with the exception of things like marijuana) if they chose to do so.

In a sense, then, my position as an insider not only gave me access to casual conversations with cardroom managers, tavern owners, and low-level racketeers; it also gave me information that made it difficult for law-enforcement officials and politicians to dismiss me with the standard excuses and rationalizations that seem to placate the press and the public so readily.

In 1964, when I was in the midst of trying to establish the truth or falsity of the stories, rumors, and innuendos I had heard, I met a reporter for the *Seattle Times*, Don Duncan. I had put together a picture of the crime network very close to the one outlined thus far in the book. But despite the fact that I was convinced of the accuracy of my picture, I was nonetheless uneasy about it. Don Duncan agreed to talk to me about the results of his earlier investigations into corruption and vice in the city. We spent several days together, one session lasting almost eight hours. I said very little except to ask questions. At the end of the discussion I was astounded to discover how closely his findings fitted with mine. This was particularly impressive in view of the fact that with a few exceptions his sources of information were not mine. Don also told me how he had been unable to get any of the articles disclosing these practices published in the paper and how he had been told to stop wasting his time on “yellow journalism.” This experience was an important one in convincing me that I was gathering accurate data in a worthwhile way, even if I did not have questionnaires or government statistics to back up my research findings.

CHAPTER FIVE

For the information in this chapter I focused on that subterranean level of political and economic life in a city that is usually ignored. I interviewed former FBI agents and businessmen, many of whom were willing to discuss their involvement with the crime network quite candidly. Lawyers were a different story. Because lawyers are eager to present a united front whenever they scent outside attack, it was very difficult to get substantial evidence on the involvement of individual attorneys. Most of my information came from observing businessmen and law-enforcement officials who had dealings with some lawyers and law firms who were in turn involved with the network. Although it was possible to make inferences based on a lawyer's clientele, I have avoided speculating beyond what I could verify by private conversations. Although some attorneys were directly involved in the network's affairs, the legal fraternity seemed for the most part totally unaware of the nature of law practised in the firms that served as go-betweens for politicians and racketeers. It was of little value to talk to persons in law firms not directly associated with the crime network.

Some of the information reported in this chapter can be found in the court trial record of David Beck and in the McClelland Committee hearings. Further information is found in the federal and King County grand jury hearings, which will be discussed in the next chapter.

5. *Seattle Times*, Feb. 22, 1964.

6. Murray Morgan, *Skid Road* (New York: Ballantine Books, 1951), pp. 241-47.

7. *Ibid.*

8. Walter Sheridan, *The Fall & Rise of Jimmy Hoffa* (New York: Saturday Review Press, 1973).

9. William J. Chambliss and Robert B. Seidman, *Law, Order and Power* (Reading: Addison Wesley Publishers, 1971), p. 396.

CHAPTER SIX

Several police officers provided the insights and information on which this chapter was based. In addition, David W. Keown

researched the demise of Seattle's crime network for his master's thesis, "Seattle: A Case Study of the Exposure of Organized Crime and Corruption," Department of Sociology, University of California, Santa Barbara, 1973.

Ron Henson of KIRO radio and Reg Bruce, who was formerly a special investigator for the state attorney general and is presently head of the Citizens Council Against Crime, very generously shared their time and knowledge with me. Both men were intimately involved in gathering the information and evidence on the crime network. Reg Bruce was also an adviser to the policemen who staged the "palace revolt." He was present during many of the crucial meetings within the police department, and he was privy to a number of private meetings with informants. Ron Henson followed the exposure and the indictments assiduously and brought his considerable talents to bear in clarifying to me the history and events that took place.

Reg Bruce's experiences are worth mentioning because they reflect the political nature of criminal investigation. While Reg was working as a special investigator for the attorney general (O'Connell), he developed an informant who would testify to the effect that Charlie Berger paid Frank Colacurcio \$3,000 a month: "During an election year it's a great time to investigate. Because people come out of the woodwork. But it's a bad time to prosecute because it's an election year." Reg reports that he and some of the policemen were trying to get a judge to call a county grand jury, with the hope of indicting some of the people in the payoff system, but no judge would do it because it was an election year. During this time someone from the city Licensing Department came to Reg and threatened to have his private detective's license rescinded.

O'Connell was defeated. Reg and two other special investigators recommended to the new attorney general, a Republican, that the investigation into corruption in King County be continued. The new attorney general declined to do this, and the three resigned in January 1969.

Later, when the U.S. Attorney became interested in what was going on, Reg was rehired by the attorney general's office. Reg became friendly with Tony Gustin and helped plan the Lifeline Bingo Club raid, which started the dominoes falling.

Eventually Reg had a falling out with the attorney general: "I

quit because I consider myself a professional investigator and I wasn't willing to screw around with that circus."

About the present situation Reg recently commented: "... from the word I get, the new payoff system will not involve the tremendous numbers of officers that the old one involved. That was obviously a very dangerous system. I am led to believe that the payoffs will be more political in the future. . . ."

Following his resignation from the attorney general's office, Reg became executive director of the Citizens Council Against Crime. He comments that in his new job he "has no illusions of stopping crime and corruption" but "I believe we can stop a full-bore payoff system like we had before . . . they are coming back but it's more sophisticated. Before, there was a lot of extortion as well as bribery. Now the payoff system is more bribery—people who want to pay as a form of insurance."

CHAPTER SEVEN

The symbiotic relationship between politics and the illegal business ventures of some of the state's citizenry was constantly suggested by people at all levels of the crime network to whom I talked. The people with the most thorough knowledge of these relationships were the practicing attorneys. I found several who were willing to impart some interesting and important information. In contrast to people "closer to the action" (gamblers, prostitutes, bookies, and beat policemen for example), however, lawyer-informants were characteristically elusive. They were more likely to suggest that I watch "the home of" a certain person "in the prosecutor's office," or observe "who eats together at Vito's every Thursday" than to give any very precise information. Nevertheless, the few lawyers in the state who were both knowledgeable and willing to discuss things with me were extremely helpful. It was largely from leads provided by them that the information in this chapter was developed. I checked the suggestions and "facts" provided against my observations. For example, when told of a meeting between people, I tried to be present or to confirm that the meeting took place from other informants or from newspaper reports.

Newspaper reports were also essential in constructing the overall picture of symbiosis and complicity between criminal

money and national politics. It is characteristic of the profession of journalism, however, that the separate accounts of meetings, law-enforcement omissions and political contributions are never brought together into a single picture. Deadlines and the requirement that there be another story tomorrow preclude such collating of facts and events. To some extent this is the task of the social scientist concerned with contemporary history.

It was from a lawyer-politician that I first learned that campaign contributions from illegal businesses were an important source of income for successful politicians. It also became clear as I put the various bits and pieces together that businessmen and racketeers vying for political allies supported different candidates and that their fortunes as gamblers, racketeers, and entrepreneurs were closely linked to whether or not their favored politician won.

Murray Morgan published a fascinating little book, *Skid Road* (New York: Ballantine Books, 1951; see Appendix A, for excerpt), which was a history of Seattle from the lumbering town of shanties and labor unions to the colorful politics of the 1950s, when Dave Beck ran the Teamsters (and many politicians) and Vic Meyer ran for lieutenant governor with a band and a promise to stop corruption by making everyone pay him directly. Although Morgan paid scant attention to the booming illegal businesses of Seattle, his history provided some important insights into relations between politics and illegal money.

The late 1960s also witnessed a heady growth of journalistic accounts of national crime networks and their local affiliates. I would not endorse any one of these accounts as an unbiased or even accurate picture of a national crime network, but each contained fragments and pieces of information which helped clarify the picture in Seattle and especially the national links so essential to an understanding of what was and is going on there. A few of the books that provided pieces of the puzzle were Evert Clark and Nicholas Horrock, *Contrabandista* (New York: Praeger, 1973); Fred J. Cook, *Mafia* (New York: Fawcett World, 1973); Hank Messick, *Lansky* (New York: Ballantine, 1969) and *Syndicate in the Sun* (New York: Macmillan, 1968); Donald Cressey, *Theft of the Nation* (New York: Harper & Row, 1969); Alvin Moscow, *Merchants of Heroin* (New York: Dial Press, 1968); Robert Wilder, *An Affair of Honor* (New York: Bantam, 1969); Martin A. Bosch

and Richard Hammer, *The Last Testament of Lucky Luciano* (New York: Dell, 1974); and Walter Sheridan, *The Fall and Rise of Jimmy Hoffa* (New York: Saturday Review Press, 1973).

In addition there are thousands of pages of testimony before Senate and House committees on organized crime. Making sense of these documents is a task requiring no less sociological imagination than it does patience. Yet they, and the journalistic accounts, supplemented by interviews with lawyers, businessmen, politicians, and people close to the action are the only data base we have to draw on.

10. Alfred McCoy, *The Politics of Heroin in Southeast Asia* (New York: Harper and Row, 1972).

11. Donald R. Cressey, *Theft of a Nation* (New York: Harper and Row, 1969).

12. Op. cit.

13. Several high-level informants in Seattle told me this story. To verify it, I managed to follow the courier from Seattle to San Francisco. Although I never saw the contents of the bag, the credibility of the informants and the degree to which the trips described to me by several independent sources coincided with what I observed convinced me that the information was reliable.

14. In addition to informants, this information is corroborated by the work of Hank Messick, *Lansky* (New York: G. P. Putnam, 1969). See also the excellent recent study of off-shore banking by Alan A. Block, *Haven Betrayed: A Contemporary History of Organized Crime and Corruption in the Bahamas* (New York: Simon and Schuster, 1988).

15. Alan A. Block and William J. Chambliss, *Organizing Crime* (New York: Elsevier, 1981).

16. NBC Evening News, Nov. 16, 1971.

17. The case for which Hoffa was accused of tampering with the jury was the Test Fleet case. See Joseph Franco and Richard Hammer, *Hoffa's Man* (Englewood Cliffs, New Jersey: Prentice Hall, 1987). See also Walter Sheridan, *The Fall and Rise of Jimmy Hoffa* (New York: Saturday Review Press, 1973).

18. Robert Winter-Berger, *The Washington Payoff* (New York: Dell, 1972), pp. 62-66.

19. *International Herald-Tribune*, April 30, 1973.

20. Anthony Sampson, *The Sovereign State of ITT* (New York: Stein and Day, 1973), pp. 217-88.

CHAPTER EIGHT

21. Messick, *Lansky*.
 22. McCoy, *The Politics of Heroin in Southeast Asia*.
 23. *Ibid.*, p. 52.
 24. *Ibid.*, pp. 247-49.
 25. Interview with General Ouane Rattikone. Another side to the duplicity of the U.S. policies vis-a-vis opium trafficking in Southeast Asia was expressed by General Rattikone in an interview published in the *Bangkok Post* of November 27, 1973. See William J. Chambliss, "Markets, Profits, Labor and Smack," *Contemporary Crises* vol. 1, no. 1 (January 1977), pp. 53-77.
 26. Ronald Rickenbach, "Eyewitness Testimony," *Harper's Magazine*, October 1972: 120-21.
 27. *New York Times*, Sunday, March 8, 1987. See also Jonathan Kwitny, *The Crimes of Patriots: A True Tale of Dope, Dirty Money and the CIA* (New York: W.W. Norton and Co., 1987); Peter Dale Scott, "Shadow Networks," forthcoming, p. 13.
 28. New South Wales Federal Parliament Report, 1982.
 29. Pike Report, "CIA Involvement in Planned Assassinations" (New York, Spokesman Books, 1977).
 30. *New York Times*, March 8, 1987. Information supplied by confidential informant.
 31. New South Wales Federal Parliament Report, 1982; John Owen, *Sleight of Hand: The \$25 Million Nugan Hand Bank Scandal* (Sydney: Calporteur Press, 1983). Jim Hougan, *Spooks: The Haunting of America-The Private Use of Secret Agents* (New York: Random House, 1978); *idem*, *Secret Agenda* (New York: Random House, 1984); Henrik Kruger, *The Great Heroin Coup* (Boston: South End Press, 1980).
 32. Leslie Cockburn, *Out of Control* (New York: The Atlantic Monthly Press, 1987), p. 152.
 33. *Washington Post*, January 20, 1987: 12.
 34. Giancana was sent to prison as a result of the campaign to get him. On his release he was to testify before a congressional committee investigating the assassination of Kennedy. Before he could testify he was murdered in his kitchen early in the morning as he went to the refrigerator to get a glass of milk.
- Giancana's closest ally in organized crime was John Roselli, who testified before the same commission, but before his testimony could be completed he disappeared and was later found floating in an oil drum in Biscayne Bay near Miami, Florida. A recent report in *People Magazine* quotes Judith Exner, a former mistress of John F. Kennedy and Sam Giancana, as stating that she routinely took sealed envelopes back and forth between her two lovers. She confirms the fact that Giancana bragged that he was responsible for putting

Kennedy in office in 1960. Kennedy won that election against Richard Nixon on the strength of votes from Chicago. There were at the time claims that the voting was rigged. See Kitty Kelley, "The Dark Side of Camelot," *People Weekly*, Feb. 29, 1988, pp. 106-14.

35. E. A. Wayne, "Drug Charges Hit Top Haitian Officer," *Christian Science Monitor*, Feb. 11, 1988; "Our Man in Panama," *The Nation*, February 20, 1988.

36. William J. Chambliss and Robert B. Seidman, *Law, Order and Power* (2d ed.) (Reading, Ma. Addison-Wesley, 1982); William J. Chambliss, *Exploring Criminology* (New York: Macmillan, 1988).

37. Horgan, 1985, p. 75.

38. *Ibid.*, pp. 26-27.

39. James W. McCord, Jr., *A Piece of Tape* (Rockville, Md.: Washington Media Services, 1974), p. 60.

40. Joseph C. Goulden, *Death Merchant: The Brutal True Story of Edwin P. Wilson* (New York: Simon and Schuster, 1984).

41. Stansfield Turner, *Secrecy and Democracy: The CIA in Transition*. (New York: Houghton Mifflin, 1981); Goulden, *Death Merchant*.

CHAPTER NINE

42. Booth Mooney, *LBJ: An Irreverent Chronicle* (New York: Crowell, 1976).

43. Report by the Commission to Investigate Allegations of Police Corruption in New York City, Whitman Knapp, Chairman, August 3, 1972, p. 1.

44. Alan A. Block and William J. Chambliss, *Organizing Crime* (New York: Elsevier, 1981).

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46. Robert K. Merton, *Social Theory and Social Structure* (2d ed.) (New York: Free Press, 1968); Richard Cloward and Lloyd P. Ohlin, *Delinquency and Opportunity: A Theory of Delinquent Gangs* (New York: Free Press, 1960).

47. Murray Morgan, *Skid Road* (New York: Ballantine Books, 1961).

48. Affidavit filed by Daniel P. Sheehan, dated December 12, 1986. Christic Institute, 1324 N. Capitol St., N.W., Washington, D. C. 20002.

49. Chambliss and Seidman, *Law, Order and Power*.

50. William J. Chambliss, "A Sociological Analysis of the Law of Vagrancy," *Social Problems*, Summer, 1964: 67-77.

51. William J. Chambliss, "Markets, Profits, Labor and Smack," *Contemporary Crises*, January 1977: 53-77.

Appendixes

A NOTE ON THE SOURCE MATERIALS

In these appendixes I have included bits and pieces from a variety of sources. Obviously not even a tiny fraction of the interviews can be presented here. Most of the interviews were confidential and I promised never to quote or reveal them. The people who talked to me must above all else be protected. Some of the interviews, however, were with people willing to have their observations made public. I have selected excerpts from these interviews (Appendix B), but in no sense are the opinions and materials presented here either representative or sufficient. They are merely glimpses designed to help the reader obtain a better feel for the materials.

I have also included some written documents: Appendix E is an accountant's report to Albert Rosellini when Rosellini was accused of accepting bribes from Frank Colacurcio and Charlie Berger. It is amusing to see the ex-governor's own accountant saying in a letter that the accountant found no record of payoffs received by Rosellini from either Berger or Colacurcio.

Some of the police memos that were distributed in the early 1960s pertaining to the tolerance policy are also included, for what they are worth (Appendix C). It is interesting that these memos clearly contradict one another and were circulating at a time when the network was operating at its peak.

An excerpt from Murray Morgan's book *Skid Road* (Appendix A) pointing out the connection between Dave Beck and Warren Magnuson and the Seattle newspapers makes for interesting reading. I would call attention to the fact that the Hearst Newspaper Corporation, which owned the *Post-Intelligencer* saw what was in the offing and appointed Franklin Roosevelt's son-in-law to be publisher of the *P-I* after Roosevelt was elected President in 1932. Dave Beck's attorney in 1928 who defended him against

charges of misusing union funds was later appointed by Truman as Secretary of Commerce. The links in the chain go on indefinitely.

Mainly for future historians who might want to see if the action is now where it was then, I have included a list of the places holding public cardroom licenses in 1968 and a list of places that had licenses for panorama (Appendix D).

Appendix F contains a letter from Attorney General John O'Connell to the governor of the state, Daniel Evans, requesting that Evans request O'Connell to investigate the allegations of bad conduct on the part of Seattle law-enforcement people. Wonderful commentary on the politics of law enforcement. Also included in that appendix is the White Paper referred to in Chapter 6 in which O'Connell tried to explain his ten-thousand-dollar line of credit at the unnamed Las Vegas hotel.

Appendix G is "The Investigative Task Force Report of the Seattle Police Department," which was put together after the fall of the old network.

Appendix H consists of facsimiles of the legal briefs of the grand jury indictments of some of the Seattle network members.

APPENDIX A

“Dave Beck and Labor Politics” from Murray Morgan, *Skid Road* (New York: Ballantine Books, 1951), pp. 241-47

In 1933 the National Recovery Act was signed by President Roosevelt. Section 7a stated that “employees shall have the right to organize and bargain collectively through representatives of their own choosing, and shall be free from interference, coercion, or restraint of employers of labor or their agents.” Across the land the great drive to unionize the workers began.

Dave Beck was ready and waiting, willing and able. He had by this time rounded up everything on wheels in Seattle. He was perfecting his technique of unionizing a plant by “organizing the boss”—convincing him that he could make more profit by paying higher wages and thereby creating stability. Where other union leaders were calling the bosses names, Beck soft-soaped them. “Some of the finest people I know are employers,” he kept repeating. He was too shrewd to rely mainly on propaganda. Behind the sweet words was the economic force of the Teamsters, who could refuse to haul supplies to any outfit that fought Beck. Professional bullyboys made it unhealthy to drive anything for pay if you didn’t wear a Teamster button. Trucks were sideswiped and overturned, men who voted wrong at the Central Labor Council were beaten up. People heard the apocryphal Teamster slogan, “Vote no and go to the hospital.”

Seattle had three papers in 1936 and none of them liked Dave Beck. The dominant papers, the *Times* and *Post-Intelligencer*, which Hearst brought in 1921 had a running feud to see which hated him the most. In May of that year the Newspaper Guild began a drive to organize the *Post-Intelligencer*. Two of the most active members in the Guild chapter were Everhardt Armstrong, the drama editor, and Frank Lynch, the chief photographer; they

were good men who had been with the paper for more than fifteen years. Shortly after they let the management know they were in the Guild, Lynch was fired for “inefficiency” and Armstrong for “insubordination.”

The Guild tried to negotiate for their reinstatement, but the management refused to talk about it. The Guild filed an appeal with the National Labor Relations Board and also put the matter before the Central Labor Council. Beck dominated the council, and it voted to put the *Post-Intelligencer* on the unfair list. That meant strike. Beck ordered the Teamsters to join the picket line and the union men turned out in force. To everyone's surprise, so did hundreds of unorganized citizens who didn't care for the paper or for William Randolph Hearst. There were housewives in trim frocks, faculty members from the University of Washington, lawyers, clerks, and at least four ministers of the Gospel on a picket line that jammed the streets for a block in each direction from the plant. The typographical unions refused to pass the picket line. A few non-Guild reporters slipped through and covered their beats by telephone; they pecked out copy in the echoing city room, but without the backshop men no paper could be printed, and even if one were printed it would have been difficult to distribute. . . .

Hearst took to the air. He brought in a battery of public-relations men, bought hours of radio time, and filled the radio channels with sound and fury. Beck was pictured as a racketeer and—of all things—a Red. Beck sued the *P-I* and the stations for \$500,000, and later settled out of court for \$15,000. The Hearst orators shifted their attack; they argued that freedom of the press was endangered and that a labor dictatorship was being established. The Guild had no money to buy radio time but it had plenty of supporters, so it organized some of its well-wishers into a telephone brigade. Whenever a station carried a pro-Hearst broadcast, the telephone brigade swamped the switchboard with indignant demands that the Guild's side of the story be told. Station managers began to give the Guild free time to reply to charges made on purchased time.

The Hearst people formed a Law and Order League, which

started to take an inventory of firearms owned by its members; there was talk of an armed phalanx which would crash through the picket line around the plant. That talk died down after a mass meeting of Guild supporters, at which not only ministers but the mayor and the prosecuting attorney spoke on behalf of the strikers. Warren G. Magnuson, the handsome young prosecuting attorney of King County, carried a Teamster card in his wallet and had the Commonwealth Federation endorsement for the late Marion Zioncheck's seat in Congress. Magnuson cited laws guaranteeing the right to strike and the right to picket. Those laws must be obeyed, he said. The mayor, John F. Dore, once friend of the businessman, told the cheering crowd of five thousand that if the Law and Order League appeared with guns, the city police would take the weapons away from them in the interests of law and order. "I don't care if the *Post-Intelligencer* ever publishes," he said, "and I think it would be a good thing for the town if it didn't." . . .

When Dore ran for mayor again in 1936, this time with the backing of the Teamsters, he won handsomely. "Brother Dave Beck was the greatest factor in my election," he told the State Federation of Labor after the vote was counted, "and I say again that I am going to pay back my debt to Dave Beck and the Teamsters in the next two years, regardless of what happens."

Beck's political flank was guarded; neither police nor private guards were going to disrupt a Teamster picket line. The *P-I* strike settled into a siege. It became apparent that ultimate victory might hinge on the state and national election results. The Republican gubernatorial candidate was campaigning on the issue of the *P-I* strike. "If I were in Olympia," ex-Governor Hartley said, "I'd smash that strike." Nationally the Hearst chain was pouring out editorials in favor of Alf Landon; the Democrats made no secret of their delight that one of Hearst's spigots was plugged. Both sides waited for the political decision in November. The Republicans lost and Hearst surrendered. He wrote an editorial praising Roosevelt as the possible successor of Andrew Jackson, and a little later he announced that the *Post-Intelligencer* would resume publication with Roosevelt's son-in-

law John Boettiger, late of the *Chicago Tribune*, as its new publisher. Hearst said that Boettiger would have a completely free hand.

The handsome young publisher arrived in town with Anna Roosevelt as helpmeet and assistant publisher and editor of the homemaker page. The President's son-in-law was not unmindful of the role Dave Beck had played in his rise from the editorial ranks to that of publisher. Boettiger told the assembled dignitaries at a welcoming banquet that he considered Seattle a "model industrial community." Never again did the *Post-Intelligencer* attack Beck, and when Westbrook Pegler or one of the other syndicated columnists made unfriendly remarks about the Teamster leader, *P-I* editors protected the public by deleting the heresy.

Nor did the *Times* find anything wrong with Beck after 1936. Its editorials, which once had equated Beckism with bolshevism and the Teamsters with terror, suddenly became models of restraint. It was not that General Blethen loved Beck the more; it was that there had appeared on the labor scene a man he loved much less. He was Harry Bridges, president of the Pacific Coast Longshoremen's Union, CIO. . . .

APPENDIX B

Selections from Interviews

MARCH, 1962

A: . . . the cardroom and the bookmaking are slightly separated at the lower levels. The lower-level people don't even feel very confident. It was pretty much by accident that I found this out myself. It was a couple of years before I knew how the operation was. In fact, it was the pinball operators and that faction of them wanted ____ and his bunch, group, to lay off of me and in view of this they offered me, in place of my cardroom license, a panorama license. Now you know what a panorama is, don't you?

Q: Yes, I think so.

A: A panorama is the viewing of naked women through a—yes. Well, there is payoff in that too, you see, and what they were angling at was to get me out of gambling entirely and put something else in there that may be more palatable to me and no problem to them, but in the same tone you have to make a payoff here, so then it would have me two ways. It would get me out of gambling, making me willing to pay off, and I couldn't make any moves that way anyway. So it was kind of fudgey, but this is what was offered to me just before I left.

Q: I would like to get a picture now of what it looks like as an organization.

A: The structure of it.

Q: Right. Where does ____ fit into the organization? Is he at the top?

A: Well, ____ was right up at the top for a number of years. When he was having trouble in Portland he was no longer at the top, but he was an important figure. He had to retire for a while as a prominent figure. The only reason the government caught him in these indictments is they made a pinch of the Turf and he didn't have his name on the licenses, but what they were doing is making a gradual transfer over—he was going to become a partner. But his share in the partner hadn't completely materialized. . . .

Q: What about ____?

A: I think he was one of the prime movers in getting bookmaking set up. One of the more clever ones, but he's lower on the ladder, is running a place out of the city called the ____ Smoke Shop, and he is a details man. But this goes beyond the immediate people down there; it goes up into the city hall itself, and if you want my personal opinion, I feel that ____ is definitely the big brains behind most of it. He stayed in the background of the city council for years. . . . Now you probably heard about ____ in the city council. He is just a front man for the boys, but he has no knowledge, I don't think, of the inner workings of this very, very close-knit organization. The government tried very hard to break it but they couldn't get anybody to come forward that knew beyond what I did. I mean they didn't know the thing that they wanted but where could they go from there bit? This is the things they couldn't get, they probably had lots of leads on, but they couldn't get anybody to testify that knew this, you see, so I don't know, it's a pretty close-knit organization, there are people that even I know that probably don't have no knowledge that they are in it.

Q: Is it your opinion that this organization is not tied to organizations outside the state?

A: I would say so that with the exception of the small portion of lay-offs and the wire service. Those two areas I think pretty well have to go out of state, but I would say this is a close-knit group playing to the ____ group. You see, I can now see that ____ started way back when the first licenses were issued in the early thirties, you know. The stories around here is that if you were in the Seattle area in which he was running a law practice, you couldn't go up to the state and ask for a tavern license without getting turned down and sent back. But you had to go through ____ to do it. So he was starting his organization clear back then, and he built it through Seattle. . . . And Seattle was wide open. At that time my place, Battersby and Smith, had just plain wide-open gambling. Nothing was hidden at all.

Q: When was this?

A: In the early thirties.

Q: This was in the early thirties?

A: Yes.

Q: You had no connection with them then?

A: No connection at all, but I get this knowledge from previous people in the rackets.

Q: Yes, but Battersby and Smith, you kept that name, is that right?

A: Yes, but it isn't under that name now.

Q: Oh, it isn't?

A: After I left I think they changed the name. The Golden Apple. I think it changed hands again. They didn't have a

gambling establishment after that. They used it more for a dine and dance.

Q: Did they have bookmaking after that, do you know?

A: No.

Q: They never have gone back into that?

A: No, I don't think so. In fact, I feel very confident in that, no. They had already established a place over there in the Pennyland Arcade, up a block and across the street by one of the former owners and one of the fellows that got convicted in this federal deal. But he is no way up the ladder, but he is in that group.

Q: Now, you commented on _____. Is it your opinion that he is, was, actively engaged in organizing this group, or was he simply taking payoffs, or is he, or, and I'm not so concerned about _____ again as I am the structure of the thing. What is the relationship between say _____, _____, these guys? Is the relationship where they give them money or is the relationship where they actually are helping direct the decisions? I know this is going to be a lot of guesswork and that's all right. It's your opinion that I'm interested in.

A: I went down to the legislature last year and one of the senators said that the only difference between _____ now and _____ of several years ago is that he doesn't allow the same cronies, the same corrupt officials to come in the front door. They come in the back door. This is what he said. Yes, I believe he is a strong factor in it.

JANUARY, 1966

Q: _____, former King County sheriff, is now on the parole board?

A: Yeah, he's just notorious.

Q: Is he corrupting the parole board?

A: I don't think there's any question about it. Those guys who come through the parole board . . . he just puts the screws on those guys who come through there for marijuana or something and he lets the hoods go free. He lets them out for three or four years. If they're doing a bit he gets them off. And _____. . . .

Q: What do you mean, "if they're doing a bit"?

A: I mean if they've got a sentence that they're serving.

Q: Does he take money for getting people off?

A: I'm not sure it's in the form of taking money for each case. I don't think so. He will take money for a case, and I'm sure he does that, but that's aside from the relationship with the syndicate. But anyone who comes in that the syndicate wants him to get off he gets off because that's the syndicate's kind of contract, but it's not a question of taking money . . . for each case. He's on the payroll, as it were.

And _____, who's the head of the parole board, I think, is a straight guy, at least he was when he became head of it. And I haven't been there since then. I think he probably still is. And he's no dope! And I suspect he sees this. . . .

OCTOBER, 1972

A: It was desperately important that Ben had to die.

Q: Why would that have been the case?

A: Your guess is as good as mine. He may have been on the verge of talking; they may have decided he was so old he was

getting loose-lipped; he might have been asking to pay less money to the boys downtown; he might have been holding out on them; he might have been keeping two sets of books. Who knows?

Q: Who decided he had to die?

A: I don't know.

NOVEMBER, 1972

. . . cities take on their character from social outcasts. Creeps built this city, and creeps make it go. And creeps usually end up deciding whether they survive or not. Tacoma didn't have enough creeps; that's why, even though they got the first railroad out there, they wound up taking second place. Most of the creeps gravitated to Seattle in the formative years. Seattle was a fun town in 1910. It was a wide open town. It was a wide open town during World War Two to a certain extent. But from the time of prohibition on, Seattle had taken on this strange character that we all know it has. . . . Everybody knew that a decent city that was growing had to have whores, had to have accessible liquor, prohibition or not, had to have a place where a guy could go and shoot craps, either for penny ante or high stakes, had to have a place where a guy could go and play cards. There was no reason putting somebody in jail for it, because it was what all good, righteous Christians did. . . .

In his testimony at the Cook trial, Palmer Hughes, who was the star witness for the government, said that he came on the police force in 1936. And in his testimony he said that within a week or two of when was sworn in, he took his first payoff. I think you'll find the question is asked, "How old was this system when you got into it?" And he specifically says that they locked up a police chief and some other people in 1925, but they had resumed this thing in 1926. And it had been going on on this basis since then; this organized system of handing the money up. So much to the patrolman, so much to the sergeant (there were no lieuten-

ants then—when they added that rank to the chain of command they really screwed things up), it went from sergeant to captain. So many sergeants contributed to one captain; so many captains contributed to one inspector; so many inspectors to the chief's office, and so on. A regimented system. He said it was ten years old when he came on in 1936, and he took his first payoff within a week or two of when he was sworn in.

. . . about 1946, Mayor _____ and the Restaurant Association guy, and somebody whose name you've got, and someone representing the Teamsters Union—and I didn't have the chance this week to find out who the guy from the Teamsters was—and Police Chief _____, and _____ sat down, and they apparently decided that it ought to be more carefully guarded . . . they decided that they had to keep a lid on. Okay, you had cardrooms in the city, and they were giving out licenses. It just didn't look right when guys had stacks of hundred-dollar bills on the table in broad daylight. Some lady might be shopping downtown and look in the window, you know, and see this. And then is when the paperwork that I sent you comes into play. Finally they decided that these cardrooms, everything, a lid oughtta be kept on, that the cardrooms should be for amusement only.

Q: Was there any crisis that precipitated that?

A: Not to my knowledge, other than occasional newspaper articles and editorials saying, "My God, they're having a high-stakes card game down at the such and such place. . . . By God, a guy takes his son downtown to buy fishing tackle and sees these men sitting there playing cards with two thousand dollars on the table, what kind of a community are we? So they set limits. _____ believed, and I think most people who would accept the "tolerance policy" would think, "Ah, I've solved the problem. I've created penny-ante poker!" All he did was create what the Washington state liquor control board had through its regulations. And here I want to draw a rather detailed analogy. The Washington state liquor control board's regulations are impossible to

observe. Washington state liquor board's leverage on licensed premises, for graft, for political favors, the leverage that permits an enforcement or an inspection officer to collect a bribe, is that any bar, any tavern in the state of Washington can be closed at any moment. When _____ . . . set these detailed regulations, three raises, all this stuff outlined in the memos, all he did was give the police department an increased control over the survival of each separate license. They immediately grasped upon this, and went around and explained to the boys that they knew and they were gonna help them—still had their high-stakes games late at night when the house got a five-thousand-dollar cut out of a hundred-thousand-dollar game (I mean, they were still gonna make their money). But so long as these regulations were so detailed, it was gonna be hard for them to be observed. Somebody was gonna want to play poker for five dollars an ante, instead of one dollar.

Q: You think he was aware of that?

A: He should have been. It's a long time ago. . . .

Q: When you used those figures of a one-hundred-thousand-dollar game with a five-thousand-dollar cut, are those figures that have actually been . . . ?

A: These are figures that certain people have told me were common for certain games at certain locations: the Turf cardroom, from its inception; the Ram. The Turf is, I think, gone, but it was on Second Avenue. The Ram is on Pike Street between First and Second. The Ram, one of the two, now, the Ram or the Turf, had reported the fourth or fifth highest income, supposedly, a few years ago on its federal income-tax return, from gambling that any licensed, federal, stamped gambling establishment in the U.S. reported.

APPENDIX C

Police Department Memos from 1962 to 1963

INTRA-DEPARTMENT COMMUNICATION

SEATTLE POLICE DEPARTMENT

FROM Assistant Chief C. A. Rouse

DATE December 11, 1962

TO Precinct Commanders, Precincts I, II and III

SUBJECT Gambling Enforcement Policy

- A. All forms of public gambling are subject to complete enforcement. No license issued by the city gives permission to violate the state laws.
1. Punchboards, pull tabs, counter dico, pools, lotteries and similar paraphernalia are contraband and shall be seized arbitrarily. Operators and players shall be arrested on view in every instance consistent with available evidence.
2. Coin operated machines of any kind, such as pinballs, claws, ski-ball, mechanical bowling and mechanical baseball are in themselves not contraband. No payoff shall be made by an operator or his agent to any player of any coin operated machine. Whenever payoffs are observed or come to the attention of the police officers by legal techniques, arrests shall be made and all participants and evidence seized.
- B. Non-public gambling is not legal and is not permitted under any license of the City of Seattle. Official policy of the Seattle Police Department is to seek voluntary compliance on the part of private persons, churches, clubs, fraternal organizations, service clubs, charitable agencies, veterans organizations or philanthropic societies. Officers of the Seattle Police Department will investigate every complaint, develop the necessary evidence and arrest all participants. The arrest of participants will include the seizure of all gambling paraphernalia.
1. Bingo games are gambling and the paraphernalia used must be seized incident to arrest. Organizations and/or individuals conducting bingo games will be subject to arrest after January 1, 1963.
2. Lotteries, pools or drawings of any nature are illegal.
3. Raffles of any nature are illegal.
4. Other games: private persons, churches, fraternal, veterans, service PTA, clubs, philanthropic agencies or other groups sometimes organize bazaars. Games of skill, such as wheels, boards, roulettes, dice, 21, door prize lotteries, name or number lotteries, throw or toss games, pitches, coke ring, balloon darts, Hoopla, spot pitch, and variations, are frequently employed. Games of this type played for money or consideration are illegal.
5. Reno Nites, Western Nites and Las Vegas Nites are illegal if the activities in any way include any gambling game or device. The pre-sale or sale at the time of admission of script or chips does not make these games legal. Such devices will only make the collection of evidence difficult.

Form 1.1
6-21-18

INTRA-DEPARTMENT COMMUNICATION
SEATTLE POLICE DEPARTMENT

FROM Assistant Chief C. A. Rouse
TO Precinct Commanders, Precincts I, II and III
SUBJECT Gambling Enforcement Policy - Page Two

DATE December 11, 1962

- a. Most "Nites" described require dice, likewise 21, likewise faro, likewise roulette wheels, dice cages or other gambling contraband. Such items commonly recognized as gambling paraphernalia shall be seized as evidence - even though circumstances do not make possible physical arrests.
- C. Licensed cardrooms are not authorized by the license granted to conduct, participate in or condone any form of gambling on the licensed premises. No device such as markers, chips, trade checks or any other device or scheme makes gambling by the licensee or players legal. Failure on the part of the licensee to suppress gambling on the licensed premises will result in recommendations designed to revoke the license (in addition to other appropriate charges.)
- D. Bookmaking on any event is illegal. Commonly, books are made on horse racing or other sporting events. Bookmaking is difficult for uniformed officers to combat. However, uniformed officers are responsible in the area of their assignment to seek out and report every possibility of bookmaking activity.

C. A. ROUSE
Assistant Chief of Police

CAR/rh

Copies:
Inspector W. W. Crow
Captain L. K. Greiner
Captain E. T. Corning

cc: Chief F. C. Ramon

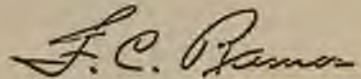
Form 1.11
Rev. 10-21-59

INTRA-DEPARTMENT COMMUNICATION
SEATTLE POLICE DEPARTMENT

FROM Chief F. C. Ramon
TO Deputy Chief M. E. Cook, Staff Division
SUBJECT Cardroom Operations
DATE December 26, 1962

On January 1st and thereafter, card games in cardrooms will be for amusement only. Taking rummy as an example, the allowable procedure will be that the two losers each pay 25¢ to the house. The house can give the one winner trade check or checks in amount of less than 50¢. These checks cannot be redeemed by the house for cash. Games will not be permitted where there is direct betting on every hand or where betting amongst the players is an integral part of the game. A reasonable interpretation of the rummy procedure can be extended to other games, such as pinochle, bridge, whist or a similar game where betting on each hand is not a part. No games will be allowed where there is continuous betting between the participants.

The management may not participate in the game in any fashion except as indicated above. No money is to be on the tables. The management will be obligated to discourage gambling of any type amongst the players. It will be pointed out to management that part of their responsibility is to comply with the state law which prohibits gambling.



F. C. RAMON
Chief of Police

FCR/rh

Form 4.11
11-27-18

INTRA-DEPARTMENT COMMUNICATION
SEATTLE POLICE DEPARTMENT

FROM M.E. Cook, Deputy Chief, Staff Division

DATE 11/15/62

TO

SUBJECT Gambling Enforcement Procedure and Policy

Today I had lunch with Chief Frank Ramon, Assistant Chief C.A. Rouse and Attorney Paul Montes, at which various aspects of the gambling policy, to be instituted on January 1, 1963, were discussed.

There was general agreement on the following items:

- (1) The department would be very careful to make arrests only for violations of the State Gambling Laws which were so flagrant, or, in which the arrest was so reasonable that there could be no loss of public support and the case would be as certain of conviction as we can make it.
- (2) We will not confiscate gambling devices or items used in conducting gambling games unless they are clearly those devices which are inherently gambling devices and recognized as such in previous cases, such as: punchboards, pull tabs, or pinball machines on which a payoff in cash has been witnessed. We will not confiscate the merchandise from punchboards nor additional equipment, such as, where there are 10 pinball machines and a payoff was made on only one, we will confiscate just the one which is involved in the current case.
- (3) We will not concern ourselves in the beginning with gambling in bowling alleys or golf courses or in private clubs or in churches or in any other place other than those open to the public.
- (4) Arrests will not be made on the holiday, January 1, 1963, because of the difficulty encountered in posting the bail. We will confiscate the evidence and inform the suspect that he will probably be arrested at a future time by warrant. This will give the prosecutor's office an opportunity to review the case prior to the final decision of whether or not an arrest is to be made.
- (5) We will file none of these cases in McGovern's Court or, at least, none of the cases in which the offense involves City Licensed operations.

Form 1.11
Rev. 21.10

INTRA-DEPARTMENT COMMUNICATION
SEATTLE POLICE DEPARTMENT

FROM Sgt. J. Brozovich, Vice Investigation Unit DATE 2/5/63
TO M.E. Cook, Deputy Chief, Staff Division
SUBJECT Investigation on Information Furnished by HARRY RICHARD SHUTTS

On February 1st, 1963, Sgt. J. Brozovich and Officer George Cuthill checked Ben Paris, The Pike Recreation, The Silver Spot (Ballard), the B & C Cafe (Lake City). All were closed. The barber shop next door to The Silver Spot was checked with negative results; 611 Union Street has been checked four times since January 14, 1963, on two occasions there was a bridge game in progress, Joe Gasparovich states there are no bets on the bridge game (this is doubtful). On the other two visits there were no games.

Checked Sam's, Union St. Smoke Shop on January 31st, 1963, doors were locked, dust and debris both inside and out, appears to have been closed for several weeks. The complaint on The Fiddlers Inn, 35th N.E. & E. 85th, also the tavern across the street from the main gate of Sand Point for selling beer on Sunday turned over to Wash. Liquor Control Board.

A close surveillance will be kept on The Athens Cafe for any games or gambling.

It is this investigators belief that all the information furnished by Mr. Shutts occurred prior to January 1st, 1963.

Respectfully submitted

Sgt. J. Brozovich
Vice Investigation Unit

JB:ed
(4)

9/11 1:11
1963, 18

INTRA-DEPARTMENT COMMUNICATION
SEATTLE POLICE DEPARTMENT

FROM Sgt. J. Brozovich, Vice Investigation Unit DATE 2/23/63
TO M.E. Gook, Deputy Chief, Staff Division
SUBJECT 611 Union Card Room

611 Union Card Room, owned and operated by Joseph Gasparovich (Gaspico). This card room has received more individual attention than any card room in the city. It is the only Public Card Room that did not close. I have personally visited this card room at least 8 times since January 14, 1963. On my first visit a Bridge Game was in progress. I talked to Mr. Gasparovich about the game, he stated that each player pays the house 50¢ an hour, that no money exchanges hands after each game, that he is remaining open until the Legislature meets and passes a bill legalizing some form of gambling. I observed two men playing "Pan" and asked Mr. Gasparovich to cease this game immediately.

On the other visits, on three occasions, no game was in progress, on four visits both bridge and "Gin" were being played. I again informed Mr. Gasparovich that it was inconceivable to me that anyone would play "Gin" for the mere pleasure of playing or that he could afford to furnish cards, chips, lights and other equipment for \$2.00 an hour.

On February 15, 1963, after receiving the complaint from Chief Ramon, I immediately went to 611 Union St. Mr. Gasparovich was standing outside, I informed him again, as I had previously, that the Bridge players were not playing Bridge for just pleasure and that I would make every effort to effect an arrest and would secure a warrant for his arrest whether he was on the premises or not as he was solely responsible for the actions of his employees. He waved his arms and shouted for a period of five minutes and then asked me if I wanted him to close his doors and padlock them. I informed him that that was a decision he would have to make but that it sounded like a good idea. Later in the evening, Officers Rothuas and Guthill paid the premises a visit, also Sgt. Ramon and Officer Bailey, of the Patrol Division, had a conversation with Gasparovich, a short while later the cardroom closed and has remained closed. However we will keep a close check on it.

Respectfully submitted.

Sgt. J. Brozovich
Vice Investigation Unit

cc: Chief F.C. Ramon

Form 1.11
Rev. 21.58

INTRA-DEPARTMENT COMMUNICATION
SEATTLE POLICE DEPARTMENT

FROM Sgt. J. Brozovich, Vice Investigation Unit DATE Feb. 27, 1963
TO M.E. Cook, Deputy Chief, Staff Division
SUBJECT Alaska Boosters Association

I received information that Alaska Boosters Association had moved to 517½ - 3rd Avenue (Old China Lane) with the intention of playing Bingo. I investigated the above premises and talked to Mr. Harold G. Bittner, the President of the Association. Mr. Bittner informed me that the Association moved to 517½ - 3rd Avenue from 1120 - 4th Ave. He has a charter issued on October 21, 1961 - File #156190. Secretary of the Association is A.W. Paisley, 1304 N.E. 62nd. Treasurer is Jewel Paisley (Bittners sister).

Purpose of the Association, to boost Alaska. Any person 21 years of age or older, who is a resident of Washington or Alaska, and has manifested an interest in the progress and development of the State of Alaska may join.

Mr. Bittner states the association is in debt \$26,000.00, trade dollar loss, transit and billboard advertising. He states further that he has a membership of about 375 of which 200 are residents of Alaska and 175 local members. Dues are \$12.00 per year, payable quarterly.

Mt. Bittner then inquired about operating a Bingo game once a week. My answer was "NO". He then asked if I would object if he talked to Chief Ramon. I informed him that I had no objection.

Respectfully submitted

Sgt. J. Brozovich
Vice Investigation Unit

APPENDIX D

Public Cardroom and Panorama License Holders, 1968

PUBLIC CARDROOM LICENSES

Ben Paris Sporting Goods &
Recreation Co.
1609 Westlake Ave., 1
7-4-43 8 tables

M.C. Honeysuckle
2032 E. Madison St., 22
7-4-43 4 tables

F.H. Strickler
Cosmo Recreation
2020 E. Madison, 22
—— 4 tables

Gilroy-Nebzger, Inc.
211 Union St., 1
—— 8 tables

A. V. Santos
Filipino Social & Improve-
ment Club
515½ Maynard Ave. S., 4
—— 4 tables

Spiro Ulasic
Occidental Tavern
116 S. Washington, 4
2-1-44 4 tables

Dan Sarusal
200 5th Ave S., 4
3-16-54 4 tables

John L. Pape
Labor Temple Card Room
2800 1st Ave., 1
11-16-52 4 tables

Wah Lee Club, Inc.
669 S. King St., 4
—— 4 tables

Alvin Lewis
Trigar Al Lewis Place
673 Jackson St., 4
—— 4 tables

Fred Henderson
Robbers Roost
1309 E. Yesler, 22
—— 3 tables

Edward B. Washington
Madrona Tavern
2700 E. Union St., 22
1-9-56 (\$1,000)

Santoro & Santoro
Viji's
1311 3rd Ave., 1
8-5-63 4 tables

Rossi & Perry
Virginia Inn
1937 1st Ave., 1
6-23-53 4 tables

Robert Wong
418 Maynard Alley S., 4
5-1-68 4 tables

Demetrios, Begleris
Tumwater Tavern, 1
3-21-55 4 tables

Transco Investments, Inc.
The Ram Restaurant
120½ Pike, 1
5-27-57 8 tables

Bitts, Inc.
411 2nd Ave., 4
8-15-57 6 tables

Martin Ervin
Hilltop Recreation Center
1200 Jackson, 44
6-12-67 4 tables

George V. Papapangiatou
Athenian Social Club
319 Yesler Way, 4
3-20-59 4 tables

J & M, Inc.
J & M Tavern & Cafe
201 1st Ave. S., 4
7-1-59 9 tables

Estate of Arthur O. Sanders
Nite Cap Tavern
8500 14th Ave. S., 8
1-1-61 4 tables

Endia Dahl
Airport Way Inn
3903 Airport Way, 8
1-1-61 4 tables

Elmer L. Nelson
Seaport Tavern
200 1st Ave. S., 4
4-16-62 4 tables

Frontier Restaurant, Inc.
Frontier Restaurant & Lounge
1-1-62 4 tables

Magres Lee
Blue Bird Inn
701 23rd Ave., 22
7-13-65 4 tables (\$1,000)

Byes & Walseth
Pike Recreation
1429 4th Ave., 1
7-1-62 8 tables

Phillips & Phillips
Angelo Tavern
501 S. Jackson St., 4
1-30-63 4 tables

Sports Center, Inc
Turf Grill
1407 3rd Ave., 1
3-1-63 8 tables

Victory Recreational Club,
Inc.
514 S. King St., 4
9-1-63 4 tables

Willard J. Casey
Archer Inn
1200 1st Ave., 1
1-1-64 1 table

Alex & Alex
Fireplace Tavern
1408 3rd Ave., 22
1-22-64 2 tables

Jean Kimbrough
The Silver Spot
5233 Ballard NW, 7
2-4-64 6 tables

John A. Lazaga
CRS Recreation
506 S. King St., 4
10-13-65 4 tables

Joseph John Gasparovich
Union Card Room
611 Union St., 1
5-1-65 4 tables

Florence Bellotti
Casino Card Room & Cafe
172 S. Washington St., 4
5-1-65 4 tables

Gerald J. Shelden
Go In Tavern
1107 1st Ave., 1
9-25-67 4 tables

James E. Kamitchis
Travelers Tavern
800 Howell St., 1
12-13-65 4 tables

Boulder Enterprise, Inc.
1423 1st Ave., 1
1-1-66 4 tables

Logal F. Bailes
Casbah Tavern
2038 E. Madison, 22
1-28-66 4 tables

Superior Enterprises, Inc.
Ballard Smoke Shop
5443 Ballard Ave. NW, 7
1-1-66 4 tables

Ralph E. Miller
Denty's Tavern
1319 3rd Ave., 1
5-1-66 4 tables

Harry L. Naon
Rainbow Club Cafe
614 Pike St., 1
7-1-66 4 tables

Duchesneau & Duchesneau Alex Tavern 4915 Rainier Ave. S., 18 9-1-66 4 tables	Bellecy & Bellecy Ramble Inn 5901 Airport Way S., 8 7-18-67 4 tables
Central Cafe & Tavern, Inc. 207 1st Ave., W., 4 11-10-66 4 tables	Harold A. Brown Smokey Joe's Tavern 706 Pike St., 22 8-23-67 4 tables
Conguista & Conguista New Italian Cafe 1515 Rainier Ave. S., 44 1-2-67 4 tables	Jimmie Sumber, Jr. South Side Recreation 2314 S. Jackson St., 44 1-1-68 4 tables
Donna Matos 605 Club 1531 1st Ave., 1 5-1-67 4 tables	George W. Evans Malmen's Fine Foods 5231 Ballard NW, 7 3-17-68 4 tables

PENDING

Daron, Inc. 611 Union St., 1 1-2-68 5-13-68 Applying for refund, withdrawing applica- tion from city council	Hull & Hull Greenlake Recreation Center 411 NE 72nd St., 15 5-1-68 4 tables Change of location
Robert Scott Central Recreation 2301 S. Jackson St., 44 5-1-68 4 tables Change of owner	

PANORAMA OPERATORS LICENSES

Western Amusement, Inc.
 Lou's Grill
 1406 1st Ave., 1
 12-8-67 \$200, 12-8-67 \$500

Ernest M. Graig
 Sportland Amusement
 P.O. Box 1141
 Tacoma, Wn. 98041
 — \$835
 35 devices at
 High's News Lunch
 32 at Pennyland

Bittner & Co., Inc.
 Sportland Arcade
 1123 1st Ave., 1
 12-15-67 \$290 12-15-67 \$500
 58 devices

Panorama Service, Inc.
 1414 1st Ave., 1
 2-1-65 \$670
 34 devices

 Mary Sherman
 The Champ Arcade
 1413 1st Ave.
 Mail to P.O. Box 1184, 11
 12-7-67 \$500
 1-11-68 \$315
 63 devices

PANORAMA LOCATION LICENSES

Western Amusement, Inc.
 Lou's Grill
 1406 1st Ave., 1
 — 40 devices

Amusement Center Arcade,
 Inc.
 1414 1st Ave., 1
 1-1-58 34 devices

Bittner & Co., Inc.
 High's News Lunch
 1411 1st Ave., 1
 2-1-61 35 devices

Bittner & Co., Inc.
 Sportland Arcade
 1123 1st Ave., 1
 — 58 devices

Pennyland Arcade Incorporated
 1003 1st Ave., 4
 1-1-65 32 devices

Mary Sherman
 The Champ Arcade
 1413 1st Ave.
 mail to P.O. Box 1884, 11
 12-1-65 63 devices

APPENDIX E

Letter from Ernest A. Jonson, Public Accountant, to Albert D. Rosellini

November 2, 1972

Albert D. Rosellini
1429 Washington Building
Seattle, Washington 98104

Dear Mr. Rosellini:

Attached hereto is a copy of financial statement at November 30, 1971 which has been prepared from the books without audit by us. I am also enclosing herewith a summary of your income tax returns for the years ending November 30, 1965 through November 30, 1971. Your attention is called to the year ended November 30, 1966 which shows a sale of property for a total of \$250,000, with a gain of \$240,672.78. This property, amounting to approximately five acres, was acquired by you prior to November 30, 1953 and was sold to the Great Northern Railroads since it was a necessary acquisition by them for the completion of their Industrial Park in Renton.

We have examined your cash received records for the period from 1965 to the present and there

have been no fees received by you from Col-
acurcio, Berger or the Lifeline Club.

Very truly yours,

ERNEST A. JONSON AND CO.

Signed

Ernest A. Jonson,
Certified Public Accountant

**ALBERT D. AND ETHEL ROSELLINI
INCOME SUMMARY FROM FEDERAL INCOME
TAX RETURNS**

NET INCOME FOR THE YEARS:

1965	\$ 66,382
1966	317,239
1967	109,565
1968	52,571
1969	42,400
1970	63,197
1971	58,372

Total \$709,726

Total Taxes Paid \$218,363

Note—Net income before exemptions. Capital gains are shown as total gain.

APPENDIX F

Attorney General John O'Connell's White Paper to the People of Washington

AUTHOR'S NOTE

On August 21, 1968, the *Seattle Post-Intelligencer* ran a photograph showing Ben Cichy, president of the Amusement Association of Washington (referred to in the White Paper as the Far West Novelty Company) and a major owner of pinball machines in the state of Washington, going to the home of Charles O. Carroll, then King County prosecutor. The attorney general of the state of Washington at that time was John O'Connell.

According to a White Paper to the People of Washington issued by O'Connell, this news item stirred him to begin a preliminary investigation into the possibility that state laws were not being "properly enforced" by local law-enforcement officers. However, the attorney general has no authority to investigate such allegations. To do that he must be instructed by the governor to carry out an investigation. O'Connell, a Democrat, was a candidate for the governorship and was at the time running against the incumbent governor, Dan Evans. Thus, if Governor Evans requested the investigation, he would doubtless be providing a platform from which his opponent for governor could marshal considerable political support. On the other hand, the governor's refusal to authorize such an investigation could easily be turned into a campaign issue suggesting that he was protecting some questionable practices.

It was in the context of this controversy and the allegations going back and forth between the governor and the state attorney general that O'Connell issued the White Paper. The excerpt that

follows deals with the fact that in the course of the governor's race it was revealed that O'Connell had cashed a large check at a hotel in Las Vegas where he was gambling. This information, when made public, was probably a turning point in the governor's race, which, in the end, was won by Dan Evans. I have excerpted here the attorney general's discussion of the revelation that he had cashed the check, for I believe it shows the incredible intertwining of political and economic interests that are enmeshed in the network of people and activities surrounding illegal businesses.

October 7, 1968. Three members of my investigative staff and I met with the Executive Committee of the King County Superior Court Judges. At this meeting we laid out the procedures and methods which our investigative staff was using, preliminary information which we had gathered, and the general directions which our investigation was pursuing. We named some names of the persons whom we were investigating.

Although no publicity was given to the fact that I would meet or had met with the Superior Court Judges Executive Committee on October 7, 1968, the fact that the meeting was held was known generally to members of the Press, including the *Seattle Times*. I did not disclose any of the details of that meeting and I have full confidence that the Judges with whom I met were equally discreet. However, it was a relatively simple matter for the Press to learn that the meeting has been held. Prior to the meeting, I had stated that I would disclose details to the Judges, so it was logical for the Press to conclude that I had done so.

I take the pains to point this out because of what happened at 8:45 A.M. the following morning, Tuesday, October 8. At that time I received a telephone call from John Wilson and Marshall Wilson, reporters for the *Seattle Times*, stating that they wished to see me. My secretary informed them that I was tied up and would speak to them later. Fifteen minutes later, the Messrs. Wilson arrived at

my office in Seattle and demanded to see me. I told them I was not available at that time and set an appointment for 8:30 A.M. on Thursday, October 10, 1968.

October 10, 1968. Messrs. John and Marshall Wilson from the *Seattle Times* arrived at my office at 8:30 A.M., and immediately began interrogating me about alleged checks which they stated I had cashed in Las Vegas, Nevada, in 1965 and 1967. After several requests by me for documentation, they showed me a \$10,000 counter check used to secure a line of credit, which I had signed in December, 1965. I decided not to discuss the matter with the *Times*, but rather to spell it out fully to the people on television, which I did on Sunday, October 13, 1968. The *Times'* reporters released their story immediately upon leaving my office on October 10. It was broadcast by the noon news on that date, and appeared in all editions of the *Seattle Times*. From that time on, the opposition has attempted to make the fact that I play cards for money, sometimes for large sums of money, and that I have played cards for money in Nevada where it is perfectly legal, the major issue of this campaign. I explained the facts fully, including my personal finances and my campaign expenditures in detail on television on October 13, 1968. On October 16, in the second debate between my opponent and me, the first 20 minutes of questioning by representatives of three separate news media was devoted to this subject, and I answered every question that was asked. A story published in the *Seattle Post-Intelligencer* on October 24, 1968, disclosed that statements given by the Credit Manager of the Nevada hotel to *Times* reporters by Telephone had not been accurate or correct, and were given at a time when he was under the influence of drugs and medication. The investigation made by the *Post-Intelligencer* reporter was made by direct personal interviews in Nevada, as contrasted with the investigation made by the *Seattle Times* which was done largely by telephone.

A recent statewide poll conducted on October 22, 1968, indicates that the disclosure of my gambling activities, al-

though perfectly legal, has caused some damage to my campaign for Governor. My opponent, Governor Evans, has not gained any votes because of this. The poll discloses, however, that voters previously committed to me have now become undecided. I am pleased and gratified that this matter has not yet caused any significant number of voters in this state to prefer my opponent, who has played a key role in this matter, but I am concerned that the question has caused doubts in some voters. I am convinced that this was precisely the aim of those person[s] who decided to make public the information concerning my card playing. I am further convinced that this information would never have been used in this campaign had it not been for my determination to investigate and pursue the allegations of corruption and payoffs in King County. To support this conclusion, it is important to look at the sources of the card playing information. There are three probable sources:

- (1) the Governor's campaign staff and brain trust;
- (2) the Nevada Hotel; and
- (3) the bank which handled the checks involved. Not [sic], let's look at each one separately:

(1) *The Governor's campaign staff and brain trust*. As early as 1966, I was told by numerous people that the Republican State Chairman, C. Montgomery Johnson, told them that he had a document in his possession which was a "check" signed by me in five figures, payable to a Nevada hotel. Some of them stated that Mr. Johnson had exhibited the document to them. This document, of course, was the \$10,000 line of credit, dated December 4, 1965, which was ultimately published in the *Seattle Times* on October 10, 1968. Mr. C. Montgomery Johnson, as Republican State Chairman, is extremely close to Governor Evans, and works closely with the Governor in his gubernatorial campaign, and on all political matters. In fact, the public opinion polls run by Central Surveys of Iowa, relied on by Governor Evans in his campaign for reelection, are purchased and paid for, not by the Evans campaign, but by the Republican

State Committee under the direction of C. Montgomery Johnson.

(2) On Sunday evening, September 29, 1968, a meeting of the Governor's Brain Trust was held in Seattle, Washington. I do not know the names of all persons present at that meeting, but I do know that James Dolliver, the Governor's Administrative Assistant, and C. Montgomery Johnson, the Republican State Chairman, were present. Mr. Johnson discussed the \$10,000 check (line of credit document) at that meeting and it was determined then to turn the document over to a newspaper, which would follow up on the story and make it an issue in the political campaign. It is my understanding that the decision to do this was not an [sic] unanimous one, but that it carried by a majority vote. I am convinced that the Governor knew of this meeting, of its recommendation, and concurred in it. If he did not know of this meeting, and if he did not concur in its recommendation, clearly he has not been responsible for his own campaign. A man who is not responsible for his own campaign cannot be responsible for the government of this state.

On the very next day, September 30, 1968, the Director of General Administration, Mr. William Schneider, a cabinet officer of the Governor, came over to state archives and made a copy of my expense account voucher for December, 1965, covering the period when I had been in Nevada.

I am informed that the Governor's brain trust and campaign staff thereafter offered the story to three newspapers in Western Washington. These newspapers concluded that they were not interested. I hope that their conclusion was based on the belief that this material was totally irrelevant to the political campaign. The material was then offered to the *Seattle Times* which took the material and agreed to run the story.

On October 4, 1968, Mr. William Schneider returned to archives, made copies of additional documents. These copies were turned over to the *Times*. Nothing was done, however, by the *Times* until the morning of October 8,

1968. *Remember* that on October 7, I had indicated my intention to continue with the investigation of King County corruption, and made clear my willingness to cooperate with the King County Superior Court Judges in anticipation that a Grand Jury would be called.

(3) Now the question arises: "How did Mr. C. Montgomery Johnson and members of the Governor's brain trust obtain the line of credit document, and how did they or the *Seattle Times* obtain the additional information, some of it accurate, some of it inaccurate, which has recently been published?" There can only be two sources: (1) the banks involved; or (2) the Nevada Hotel. In either case, there is grave reason to be concerned. I hope we have not come to the day where banks in the State of Washington are willing to turn over records of personal accounts and personal transactions of one of their depositors for others to pursue [sic]. I sincerely hope that is not the case—not for my own sake, but for the sake of everybody in our State who has a bank account.

The other source is even more disturbing. Credit managers of hotels in Nevada ordinarily do not turn over their records to political party chairmen or to metropolitan newspapers. It is a known fact that many prominent, well-known businessmen, elected officials, and men and women of substance in this country play cards on lines of credit for large amounts of money in Nevada. A reputable and respected hotel would simply not risk losing the confidence of its guests without a very good reason. Frankly, I do not know what that reason is, but I am very concerned.

(4) Why would the *Seattle Times* accept this material and believe it relevant, when three other newspapers (which have no particular connection or loyalty to me) turned it down, and why would they wait until October 8, *after I had made my report to the judges* to take action? We cannot know the answer for sure, but we do know the following:

The *Seattle Times* has historically and consistently been a major supporter of the King County Prosecutor. To my

knowledge, it has never printed a word of criticism or any unfavorable comment on a man who has been in office for over 20 years. When the disclosures of Mr. Carroll's association with an official of Far West Novelty Company were made on August 21, 1968, the *Times* promptly and predictably came to his defense. If it obtained any explanation from him, it did not make that explanation public.

I have concluded that but for this investigation, the *Seattle Times* would not have attempted to make so much of my card playing. As recently as October 25, 1968, Mr. Ross Cunningham of the *Seattle Times* stated that he would vote for Governor Evans, but he added some very favorable comments about my conduct of the office of Attorney General, and some of my proposals in my campaign for Governor.

Why, then, would the Governor and his brain trust, the *Seattle Times*, the banks involved, and the Nevada Hotel, take this highly unusual action to defeat me?

1. In respect to Governor Evans, I think the answer is simple. He wants very much to remain Governor for another 4 years. A number of his close advisors are determined to do anything to see that he remains Governor, and they were the ones to whom he listened in deciding to take this course.

It is a much publicized fact that Governor Evans and Prosecutor Carroll were from different factions of the Republican Party, and that they have been feuding politically since 1966. That fact makes it all the more curious that Governor Evans came so quickly to the defense of Prosecutor Carroll when I began investigating the situation, and that he appears to have put no pressure on the Prosecutor to make a public statement.

2. In respect to Prosecutor Carroll, I think his actions over the past 3 months have made it clear that he wishes to remain Prosecutor and that he does not want my investigation to continue. Despite the Governor's statement in August, that he expected and wanted the Prosecutor to answer the questions and to hold a news conference, more than two months have passed without one word of explanation from Prosecu-

tor Carroll. Clearly, he does not want his role in the King County tolerance policy subjected to the investigation which will be completed if I am elected Governor.

3. The *Seattle Times*' defense of the King County Prosecutor is well known. The *Times* in an editorial recently urged, by name, everyone but the Prosecutor "to put an end to the tolerance policy of gambling in King County." It carefully avoided mentioning that in Spokane and Pierce Counties, it is the Prosecutor and no one else who has acted to end similar tolerance policies.

4. In respect to the other two participants—the banks and the Nevada Hotel—I do not know the reason for their interest or involvement, but the very fact that they have been involved should be cause for serious concern.

I think the timing, the participants, and the manner in which the information was disclosed make it clear that turning my card playing in Nevada into a campaign issue was prompted by one thing and one thing only—our investigation of corruption and payoffs in King County.

The vital question now before the public is: "What will happen to the investigation if I am elected, and what will happen to it if I am defeated by these tactics?"

If I am elected Governor, the investigation I have begun will continue. I will direct the new Attorney General, whoever he is, to continue the investigation, and I will use all the powers of the office of the Governor to insure that the investigation continues and is brought to a successful conclusion. It will be a thorough, painstaking and professional job. It will lay the basis for a Grand Jury which can return meaningful indictments if the evidence justifies such indictments, or if it does not it will clear the air. I expect this investigation to be as successful as the investigations I conducted in 1959 of official corruption in Snohomish County, and the investigative work I did prior to the conviction of the former King County Assessor in 1966.

If I am not elected, there are two possibilities.

The first possibility is that the investigation will be stopped

when my term as Attorney General expires in January. I, of course, intend to continue the investigation as long as I hold public office, but as I have said, an investigation of this nature cannot be completed by January. Regrettably, I conclude that this is the most likely result.

No other public official on the city, county or state level has shown any willingness to exert the leadership necessary to see the investigation through. I see no candidate who, if elected, will carry through without strong support from the Governor's office. The incumbent Governor simply does not support this investigation.

There is another possibility, namely the calling of a Grand Jury by the King County Superior Court Judges. Without an independent prosecutor I believe this course would be futile. The public would have no confidence in an investigation in which those who are questioned investigate themselves. Under existing state law, there is grave doubt as to whether the judges could appoint a special prosecutor without the consent of the Prosecuting Attorney; however, if this hurdle is surmounted, the special prosecutor would need a staff of skilled investigators. I estimate that to retain a special prosecutor and an adequate staff of investigators would require the county commissioners to appropriate approximately \$200,000. One thing is crystal clear. All national experts agree with my belief that a serious problem exists and that it must be cleaned up now.

Mr. Milton Rector, Director of the National Council on Crime and Delinquency, was in Seattle on September 24, 1968. At that time he stated flatly that a "tolerance policy" toward gambling means the payoff of public officials. He stated further: "If you know of any betting operation that's been around for more than a month, then you know the law enforcement officers know about it." Rector continued: "If the operation has been around for three months, then you can be assured of payoffs in the courthouse or the city hall." Referring to the tolerance policy, Rector said: "It's an open invitation for the syndicates to move in."

Mr. Ralph Salerno, a nationally known expert in the field of organized crime, retained by me to advise our investigative staff, put it even more directly. Noting that Seattle was ripe for organized crime now that it is big league in Sports, business, and population, Salerno said: "If the Seattle King County situation is not cleaned up right now by the Attorney General's investigation, it will be twenty years before anyone will be willing to tackle it again."

The question is what will happen now? I have attempted to set out the facts fully and objectively in this "white paper." I invite all persons mentioned here to do the same. The final decision is in the people's hands.

APPENDIX G

The Investigative Task Force Report of the Seattle Police Department, September 14, 1970

*A probe into the illegal payoff
system and actions of bribery
within the Seattle Police Department*

September 14, 1970

The Honorable Wes Uhlman
Mayor
City of Seattle

Dear Mayor Uhlman:

This is a report of the Investigative Task Force which was established to investigate charges of illegal payoffs and bribery in the Seattle Police Department. The report is directed, and in a sense is limited both in scope and in time, toward resolving those specific allegations. The information accumulated by the Investigative Task Force indicated that payoffs and the acceptance of bribes and gratuities among certain members of the Seattle Police Department was a practice that had existed for many years.

The primary objective of the Task Force was to identify and eliminate from the Seattle Police Department those officers that were instrumental in maintaining and controlling the payoff sys-

tem in the department. The Task Force feels that it has been successful in this endeavor. Criminal charges have been filed against several of the officers involved.

It was necessary to purge those men who had violated the law and brought discredit to the department. The many honest and dedicated members of the Seattle Police Department must feel secure in the knowledge that they truly deserve the trust and confidence of the community, and that they in good faith can move forward in developing a fine and progressive police organization.

Sincerely

Signed

Edward M. Toothman
Acting Chief of Police

THE INVESTIGATIVE TASK FORCE REPORT OF THE SEATTLE POLICE DEPARTMENT

Systems of illegal payoffs and bribery in various forms have existed in the Seattle Police Department for many years. The purpose of this report is to relate briefly the scope of the payoffs, and to outline how the payoff system worked. With these objectives in mind, this report will also relate the events that prompted the creation of the Investigative Task Force, and the results of the investigation of the payoff system as it existed in more recent years. The investigation revealed that only a comparatively small number of police officers were engaged in the illegal payoff

system at any given time. The great majority of the members of the department, past and present, were and are honest, performing their duties as they properly should. It is also noted that many of the participants in the payoff system as it existed until 1968, have left the employment of the Seattle Police Department, either because of normal attrition or as a result of this investigation.

The facts disclosed by the Task Force investigation show that the success of the payoff system hinged upon the implementation of the so-called tolerance policy established by the City Council.

While the Washington State Constitution prohibits gambling, the City of Seattle enacted provisions providing for the licensing of cardrooms. The Public Cardroom Ordinance, which was enacted in 1954 and rescinded in 1969, provided only for the licensing of cardrooms. The ordinance in no way implied that gambling was to be permitted or tolerated. The term "tolerance policy" was presumably created to identify a position adopted by the Council as to the leniency in requiring adherence to the State gambling law. Nothing in writing exists stating the policy. Through the years that the cardroom ordinance was in force, the policy of the City Council as to the leniency of enforcing gambling fluctuated with the times and personalities of those in office.

The cardroom ordinance sections themselves are innocuous as they ostensibly permit persons to play cards only, however, the ordinance opened the door for the setting up of facilities and equipment, i.e.—cardroom and card tables which were utilized for gambling purposes. All that remained was to establish a clientele. From this point it was relatively easy for cardroom operators to develop gambling operations. In order to implement a payoff system to permit gambling, it required only collusion between the cardroom operators and the police. It is from this basis that grafting, with all of the accompanying evils, prospered in the City of Seattle.

The payoff system that has been identified operated

primarily within the Patrol Division and the Vice Squad of the Police Department. Payoff activity within the Patrol Division was confined generally to two geographic areas of the city, i.e.—the lower downtown business district, and portions of the east central district. Gamblers and tavern operators, some of whom catered to homosexual clientele, were the primary participants in this payoff system to the police. Thus, for a price, gamblers and selected tavern owners could operate illegally without fear of police harassment or arrest.

The Vice Squad exerted control over gambling such as licensed cardrooms, stag activities and the private and often covert gambling games that moved about certain sections of the city. The Vice Squad set the ground rules and established the price for the illegal operation, and collected the payoffs usually on a monthly basis. As a rule it was the responsibility of one designated vice officer to make all the contacts with the people making payoffs. A portion of the money collected from the gamblers was divided among those vice officers involved in the payoff system. The remainder of the money was passed upward to selected command personnel. The number of people involved in the Vice Squad operation was few, so each individual share was considerable. In this manner the Vice Squad extracted protection payments from downtown cardrooms engaging in illegal gambling activities under the tolerance policy, and from a number of prominent gamblers most of whom were located in the downtown area.

The structure of the payoff system within the Patrol Division was similar to that of the Vice Squad but involved more people. For the most part, the uniformed officers who participated were assigned to work on a foot patrol beat in the 1st Avenue, Pike Street, and Chinatown areas, or were assigned to a patrol car in a selected patrol district located in the east central area of the city. An officer so assigned collected money from the taverns and clubs, and the gamblers located in his respective district. The patrolman

kept a share of his collection, often dividing his take with his partner, and passed on the other half to his sergeant. The sergeant extracted his share and passed the balance to a superior officer. In many instances, the Patrol Division as well as Vice officers collected from the same establishments, each for the particular favor or service that they could offer the operator or gambler.

Testimony in the perjury trial of Assistant Chief M. E. Cook revealed that some officers realized as much as \$600.00 per month, and that a Captain received as much as \$700.00 to \$900.00 per month. It was estimated that during one period of time, the Vice Squad was collecting about \$6,000.00 monthly.

Officers were generally recruited into the system by older officers, after they had been carefully screened to determine their reliability and willingness to participate in the payoff system. The criteria for admittance was a display of tolerance and approval toward other officers' transgressions and a propensity for engaging in similar conduct. The best assignment for any beat officer participating in this illegal activity was the downtown business district. This was traditionally the most lucrative spot in the Patrol Division.

Although gambling was a major source of grafting by the police, a substantial amount of money was received by the police from the operators of taverns and other public establishments that catered to homosexuals. The technique used by the police was to harass the homosexual establishment to the point where the clientele ceased to patronize it. The operator then paid the police officers to remain away from the establishment in order to continue his business. The amount of the bribe would vary with the ability of the operator to pay.

In 1967, a tavern operator complained to the FBI, to the press and to the Chief of Police. As a result of his complaint, a Seattle newspaper published an expose of the payoff system which ultimately resulted in an inquiry by a blue ribbon committee appointed by the Mayor.

The blue ribbon committee made a number of recommendations to the Mayor and to the Chief of Police which were intended to correct some of the police practices which had come to their attention. One of their recommendations was that the International Association of Chiefs of Police (IACP) conduct a survey of the Seattle Police Department. The IACP conducted a six-months survey and issued a report that was critical of some of the administrative practices in the department. In December 1968, the Police Department was reorganized based on recommendations made by the IACP. Internal strife which occurred shortly thereafter forced the retirement of Chief F. C. Ramon in October 1969.

Major Frank Moore was appointed Interim Chief and served until the end of June 1970, pending the selection of a permanent Chief of Police. During this period of time, a Federal Grand Jury was called which resulted in the indictment of Assistant Chief M. E. Cook for perjury. Cook was accused of lying about his knowledge of the payoff system in the department, and was consequently charged and convicted of perjury.

Some of the witnesses at Cook's perjury trial testified that they had direct knowledge of a payoff system that had existed for over 30 years. It was indicated that the system apparently stopped in late 1968 after the departmental reorganization that had been recommended by the IACP.

During the trial, accusations were made involving personnel in the Police Department. Mayor Uhlman removed Frank Moore as Acting Chief and appointed Chief Charles Gain of Oakland, California to serve as Interim Chief pending the selection of a permanent chief. Chief Gain served from June 24, 1970 to August 8, 1970.

Interim Chief Charles Gain appointed a special Task Force on July 15, 1970 to investigate the alleged payoffs in the Seattle Police Department. Named as Commander of this Investigative Task Force was E. M. Toothman, retired Chief of Police of the Oakland Police Department. Chief

Toothman selected eight supervisory officers and two secretaries of the Seattle Police Department to assist in the investigation.

Chief Gain returned to his post in Oakland on August 8, 1970, and Toothman took his place as Acting Chief of the Seattle Police Department. Lawrence Waldt, Chief of the Hayward, California Police Department, was chosen to become the new Commander of the Investigative Task Force.

The Investigation

To date the Task Force has been in operation for eight weeks. At the outset, it was necessary to establish certain procedures in order to provide the necessary records and information. All information collected was reduced to writing which included transcriptions of tape recordings. To date 205 subjects have been interviewed by members of the Task Force. Persons interviewed consisted of active and retired police officers, and other individuals that could provide information pertaining to the investigation.

It was the intention of the Chief of Police to utilize the polygraph in conjunction with interviews of those persons who were under investigation. Two outside polygraph experts were employed to meet this need. To implement the planned series of polygraph tests, Chief of Police Charles Gain issued a General Order which stated that all officers, when requested, would submit to a polygraph test or face possible dismissal.

In response to this General Order, on July 28, 1970, the Seattle Police Officers Guild secured a temporary restraining order in Superior Court enjoining the Chief of Police from administering involuntary polygraph tests. This restraining order stated in part:

. the plaintiffs moves the Court for an order restraining the defendant, City of Seattle, its Chief of

Police, Charles Gain, from requiring the plaintiffs or any members of the Seattle Police Department to unwillingly submit to a polygraph test, or to answer questions to which the officer may properly invoke the protection of the Fifth Amendment to the United States Constitution, at the peril of facing dismissal or other penalty for failure to submit to said tests or answer said questions

The invoking of the restraining order imposed a serious roadblock to establishing the truth and hindered the efforts of the Investigative Task Force. It is interesting to note that under RCW 49.44.120 of the State of Washington, police officers are not exempt from being subjected to polygraph examination. The Corporation Counsel of the City of Seattle is appealing this restraining order.

The question is asked, "How extensive was the involvement in terms of numbers of officers?" It has been stated earlier that only a few districts were involved. At a given period, there were about 35 to 40 men working in these districts. Of that number, all were not involved. There is only speculation as to how many were. Of those who worked in the department during the last ten years, the Task Force identified about 70 to 80 as having been involved in payoffs. The majority of those persons had left the Police Department prior to the beginning of the investigation. As a result of the investigation, fourteen officers have either "vested" (left the department before having reached normal retirement age), retired, or were fired. Six officers have been charged criminally.

In developing the criminal cases, the only available evidence was the direct testimony of witnesses. There was no physical evidence. There was collusion between the operators from whom money was being extorted by the police in order that they could violate the law. As a consequence,

few operators were willing to talk. One of the greatest obstacles to the successful investigation of these offenses was the lapse of time. The grafting action ceased in 1968, more than two years ago. No vestige of it remains. A number of the operators are now out of business or have left the area. Several have died. So in terms of time and the related circumstances, it was difficult to gain information about the activities of the payoff system.

Immediately prior to and during the course of the investigation, fourteen members of the department saw fit to sever their service with the department. Those members were:

Assistant Chief M. E. Cook	Retired
Assistant Chief George Fuller	Vested
Major Henry Schultheis	Retired
Major David Jessup	Vested
Captain Ralph Zottman	Retired
Lieutenant David Devine	Vested
Lieutenant Jay Brozovich	Retired
Lieutenant Milton Price	Vested
Sergeant David Buher	Vested
Sergeant Leo Ormsby	Retired
Sergeant Gerald Barmann	Vested
Detective Roy Hull	Vested
Police Officer Wesley Youngquist	Vested
Police Officer James Hinterberger	Disability (In Process)

The Task Force presented to the King County Prosecutor's Office evidence of bribery involving former members and active members of the Seattle Police Department and Washington State Liquor Control Board Retail Inspectors. Information was presented in writing which, in some instances, included tape recorded statements made by wit-

nesses, victims and suspects. The following cases were presented to the Prosecutor's Office for review:

Detective Roy Hull	Seattle Police Department
Lieutenant David Devine	"
Officer Robert Gordon	"
Officer Wesley Youngquist	"
Sergeant Gerald Barmann	"
Lieutenant Jay Brozovich	"
Sergeant Donald R. Kuehl	"
Officer Harvey H. Noot	"
Sergeant Leo F. Ormsby	"
Officer Jack E. Rinker	"
Captain Ralph Zottman	"
Inspector Malcolm Nelson	Washington State Liquor Control Board
Inspector John C. Wilson	"

In several of the cases submitted, the evidence proved to be insufficient to justify the filing of criminal charges. With reference to these cases, it was also felt that the information was too inconclusive at this time to justify department disciplinary action. The investigation is still continuing and as further information is developed, appropriate action will be taken.

Of the cases submitted, the following criminal filings have been made to date:

Detective Roy Hull	Bribery
Lieutenant David Devine	Bribery
Officer Wesley Youngquist	Grafting
Sergeant Gerald Barmann	Grafting
Lieutenant Jay Brozovich	Grafting
Captain Ralph Zottman	Grafting

The attorneys who represented Lieutenant Brozovich, Police Officer Youngquist, Sergeant Barmann and Captain Zottman met with representatives of the Prosecutor's Office and agreed to waive the Statute of Limitations and plead their clients guilty to Grafting.

Grand Jury

At this time most of the investigative work that the police can accomplish has now been completed by the Task Force. Any additional investigation can be done by the Internal Investigations Division of the Police Department.

During earlier periods of this Task Force investigation, there were those who publicly expressed a desire to have the County Grand Jury immediately called to look into the police payoff scandal. It was suggested that the Grand Jury be delayed until the completion of the Task Force investigation. If the Grand Jury is now to be called on the matter, the information developed by the Task Force will be of value and should expedite the hearing.

Evaluation

With the removal from the department of those officers known to have been involved, and the filing of criminal charges against several, the department through its own efforts has purged itself of most of the guilty officers. There are, of course, some officers who have not been exposed, so they will probably go unpunished, except by the knowledge of their guilt. Darkness, however, does not protect a man from his own conscience.

Because a police officer takes an oath to perform his duty

and serve his community, the degree of his responsibility is greater than that which might be expected from the average citizen. Thus, the penalty for his failure is usually more severe. It must be remembered, however, that there were many persons other than police officers that were involved in the payoff system.

There were first, the Chiefs of Police who during their respective tenures failed to exercise adequate controls to prevent the criminal activities of the officers. Secondly, there were the gamblers and homosexuals who paid off to the police to protect their own interests. Under the law, they are as guilty as the officers. (They were not charged because it was necessary to use them as witnesses.) Thirdly, the Mayors and Councilmen in the past who conceived and perpetuated what was known as the "tolerance policy" carry a major part of the responsibility for the shaping of conditions that spawned crime and corruption in the Seattle Police Department.

Laws and policies, rules and regulations, as such, cannot guarantee an honest police department. Only the knowledge, integrity and continuing vigilance of the Chief, requiring the highest order of accountability from each member of the department can assure that the police department remains free of graft and corruption. The community is entitled to assurance as to this matter.

In the past there has existed internal laxity of police control and the accompanying color of political infringement and intrigue both in and out of the police department. For this reason it is recommended that there be a periodic review of the department by an impartial professional police investigative body until there has been demonstrated a sincere intent to maintain a graft free police department and government. In this way, those who would violate the public trust could be identified and appropriate action taken.

APPENDIX H

IN THE SUPERIOR COURT OF THE STATE OF WASHINGTON FOR KING COUNTY
STATE OF WASHINGTON,

Plaintiff,

vs

CHARLES M. CARROLL, CHARLES O. CARROLL,
RAYMOND L. CARROLL, CHARLES R. CONNERY,
M. E. COOK, W. W. COOK, ROBERT D. COVACH,
ALBERT KRETCHMAR, LYLE J. LA POINTE,
ROBERT D. McNEILLY, WILLIAM F. MOORE,
JACK D. PORTER, FRANK C. RAMON,
HENRY SCHULTHEIS, LEE W. SCOTT,
RONALD A. SMITH, H. R. SWINDLER,
CHARLES K. WAITT and WILLIAM J. WALSH,

Defendants.

NO.

INDICTMENT

19

The defendants named above are accused by the Grand Jury of the County of King, State of Washington, by this indictment, of the crime of conspiracy against governmental entities, committed as follows:

They, the said CHARLES M. CARROLL, CHARLES O. CARROLL, RAYMOND L. CARROLL, CHARLES R. CONNERY, M. E. COOK, W. W. COOK, ROBERT D. COVACH, ALBERT KRETCHMAR, LYLE J. LA POINTE, ROBERT D. McNEILLY, WILLIAM F. MOORE, JACK D. PORTER, FRANK C. RAMON, HENRY SCHULTHEIS, LEE W. SCOTT, RONALD A. SMITH, H. R. SWINDLER, CHARLES K. WAITT and WILLIAM J. WALSH, in the County of King, State of Washington, during the period of time intervening between approximately the 1st day of January, 1950, the exact date being to the Grand Jury unknown, and continuously thereafter until the date of this indictment, while being public officers

Indictment

1.

CHRISTOPHER T. BAYLEY
Prosecuting Attorney
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and thereafter, did unlawfully, willfully, feloniously and knowingly, conspire, combine, confederate, and agree together and with diverse other persons, including but not limited to other public officials and persons engaged in gambling and other illegal activities, who are unindicted herein, and whose names are to the Grand Jury in some cases known and in other cases unknown, to commit offenses against the State of Washington and to defraud the State of Washington, the City of Seattle and the County of King, that is, to promote, engage in, carry on, assist, aid, encourage, allow, facilitate, and conceal (1) the bribery of public officers; (2) the asking and receiving of bribes; (3) the conducting of gambling and lotteries, including but not limited to the operation of coin-operated gambling devices, bingo, and cardrooms; (4) violations of the liquor law of the State of Washington; (5) extortion and blackmail; (6) prostitution; (7) the asking and receiving of compensation upon an understanding that violations of the laws of the State of Washington would be concealed; and (8) other schemes whereby the members of the conspiracy sought to enrich themselves by unlawful means, all as prohibited by the laws of the State of Washington; CONTRARY TO RCW 9.22.040 AND AGAINST THE PEACE AND DIGNITY OF THE STATE OF WASHINGTON.

MANNER AND MEANS

The conspiracy was carried out in the following manner and by the following means:

I

That gambling, coin-operated gambling devices, lotteries, prostitution, bribery, extortion, blackmail, violations of the liquor laws, and other illegal activities, which, although prohibited by the laws of the State of Washington, were tolerated, permitted and protected by certain elected and

Indictment

2.

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344-2550

appointed officials of the City of Seattle and the County of King, officials whose duty it was to enforce the law.

II

That proceeds from the illegal activities which were allowed under this tolerance policy were shared with certain elected and appointed officials of the City of Seattle and County of King who allowed these illegal activities to operate.

III

That public officials shared in these proceeds by means of a payoff system which operated both by payments from the operators of these illegal activities or their agents to high level officials, sometimes in the form of covert campaign contributions, and by an organized system of payoffs through the structure of the law enforcement agencies of the City of Seattle and the County of King.

IV

That as such payments were made both to high level officials and to certain individuals through the ranks of the law enforcement agencies of the City of Seattle and County of King, actions were taken by these persons which tended to insure the preservation and protection of the policy of tolerating the operation of gambling and other illegal activities and to insure the continuation of the sharing through the payoff system of the proceeds from these illegal activities with certain elected and appointed officials of the City of Seattle and County of King.

V

That these actions included non-enforcement of certain criminal statutes involving, among other things, gambling, lotteries, prostitution, bribery, extortion, blackmail and liquor laws; decisions as to how and whether to prosecute

Indictment

3.

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344 2540

certain violations of the law; the recruitment and promotion of personnel in certain key positions; the designing, promoting, and enforcement of City and County ordinances which licensed and regulated illegal activities; the formulation, interpretation and administration of policies and procedures governing the issuance of licenses to and the regulation of illegal activities; the exercise of political influence through the solicitation of and offering and giving of financial support to certain candidates for public office.

VI

That payments to high level officials of the City of Seattle and County of King, sometimes in the form of covert campaign contributions, were made or arranged for at meetings attended by certain members of the conspiracy who were high level officials or who were gambling operators or their agents.

VII

That the foundation of the payoff system within the Seattle Police Department was payments by operators of various establishments to individual members of the Seattle Police Department such as beat patrolmen, vice detectives and prowler car officers to guarantee immunity from enforcement and harassment. The amounts paid by individual operators varied from \$10 to \$1,000 per month, depending on the operator's ability to pay and the nature of his business.

VIII

That the officers who collected this money would keep a portion for themselves, generally one-third to one-half of the amounts collected, and pass the remainder up through the chain of command, with each person in the chain of command in turn keeping a portion and passing a portion. Individual

Indictment

4.

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344-2550

members of the Seattle Police Department received as much as \$1,000 per month as their personal share. In addition, certain other officers would receive money in return for their silence and acquiescence.

IX

That members of the conspiracy whose duty it was to enforce the law had knowledge, direct and indirect, of violations of certain criminal statutes, involving among other things, gambling, lotteries, prostitution, bribery, extortion, blackmail and liquor law violations, and took no action or took action which was influenced, directly or indirectly, by their membership in and their profit from the conspiracy.

X

That for the purpose of the continuation of the tolerance policy and the concealment of the payoff system, members of the conspiracy were maintained in key positions in the law enforcement and regulatory agencies in the City of Seattle and County of King and when a member of the conspiracy was transferred, retired or died, he was replaced with another member of the conspiracy. This replacement took place both within and between the various law enforcement and regulatory agencies of the City of Seattle and County of King.

XI

That members of the conspiracy designed, promoted, supported and enforced City and County ordinances which licensed and regulated cardrooms, coin-operated gambling devices and other coin-operated machines.

XII

That members of the conspiracy formulated, interpreted and administered policies governing the issuance of licenses for and the regulation of the activities described in Paragraph XI

Indictment 5.

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344-2550

so as to guarantee the establishment and perpetuation of a monopoly of coin-operated gambling devices and mechanical amusement devices by other members of the conspiracy and to insure continuing payment to members of the conspiracy who were public officials.

XIII

That members of the conspiracy gave financial contributions to candidates for the positions of Mayor and members of the City Council of the City of Seattle, and Prosecuting Attorney and Sheriff of the County of King, who would support the policy of tolerating the operation of gambling and other illegal activities,

OVERT ACTS

That in order to effect the objects of said conspiracy, the following acts were committed:

I

During the period of time intervening between January 1, 1956 and January 1, 1967, unindicted co-conspirator EDGAR TRUE CORNING received regular monthly shares of payoff monies from his subordinates and shared a portion of the same with his superiors.

II

During the period of time intervening between January 1, 1956 and December 31, 1963, the defendant WILLIAM J. WALSH received money from unindicted co-conspirator EDGAR TRUE CORNING.

III

During the period of time intervening between January 1, 1959 and December 31, 1967, the defendant RONALD A. SMITH gave money to his superior officers in the Seattle Police Department.

Indictment

6.

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344-2550

IV

During the period of time intervening between January 1, 1960 and December 31, 1968, the defendant LYLE J. LA POINTE received money from unindicted co-conspirator STANLEY N. STEVENSON.

V

During the period of time intervening between January 1, 1960 and November 15, 1968, the defendant HENRY SCHULTHEIS received money from unindicted co-conspirator LLOYD ZEEK.

VI

During the time intervening between January 1, 1960 and June 7, 1967, the defendant HENRY SCHULTHEIS received money from unindicted co-conspirator WILBUR FARMER.

VII

During the period of time intervening between January 1, 1962 and December 31, 1967, the defendant CHARLES M. CARROLL acted as Chairman of the License Committee of the Seattle City Council.

VIII

During the period of time intervening between May 1, 1962 and September 1, 1968, the defendant H. R. SWINDLER gave money to his superior officers in the Seattle Police Department.

IX

During the period of time intervening between January 1, 1963 and December 31, 1968, the defendant ALBERT KRETCHMAR gave money to Seattle Police Department Officer DAVID W. JESSUP.

X

During the period of time intervening between January 1, 1963 and December 31, 1968, the defendant M. E. COOK gave money to Seattle Police Department Officer DAVID W. JESSUP.

XI

During the period of time intervening between January 1, 1963 and December 31, 1968, the defendant M. E. COOK gave money to unindicted co-conspirator JAMES V. FINERAN.

XII

During the time intervening between February 1, 1963 and August 31, 1963, the defendant CHARLES R. CONNERY gave money to his superior officers in the Seattle Police Department.

XIII

During the period of time intervening between August 1, 1963 and February 28, 1964, the defendant ROBERT D. COVACH met with deceased co-conspirator BEN CICHY.

XIV

During the period of time intervening between August 1, 1963 and September 30, 1963, the defendant CHARLES O. CARROLL, JACK D. PORTER and FRANK C. RAMON met with deceased co-conspirator BEN CICHY.

XV

That at the meeting described in the preceding paragraph deceased co-conspirator BEN CICHY gave defendant JACK D. PORTER approximately \$2,000.

XVI

During the period of time intervening between December 1, 1963 and November 30, 1968, the defendant RAYMOND L. CARROLL gave money to his superior officers in the Seattle Police Department.

XVII

During the period of time intervening between February 1, 1964 and March 31, 1964, the defendant M. E. COOK met with defendant CHARLES O. CARROLL and J. D. BRAMAN.

Indictment:

8.

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344-2550

XVIII

During the time intervening between February 1, 1964 and March 31, 1964, at the meeting described in the preceding paragraph, defendant M.E. COOK gave J.D. BRAMAN one thousand dollars.

XIX

During the period of time intervening between February 1, 1964 and March 31, 1964, defendant CHARLES O. CARROLL met with J.D. BRAMAN and then arranged for J.D. BRAMAN, in the company of defendant CHARLES O. CARROLL'S assistant, MARVIN STENHOLM, to visit and receive sums of money from unindicted co-conspirators BEN CICHY, ROBERT MURRAY, CALVIN DECKER and A.F. SANTOS.

XX

During the period of time intervening between November 1, 1964 and January 1, 1967, the defendant WILLIAM J. WALSH received a sum of money from the unexpended campaign funds of the defendant JACK D. PORTER'S campaign for office of Sheriff of King County.

XXI

During the period of time intervening between September 1, 1964 and December 1, 1967, the defendant ROBERT D. McNEILLY gave money to his superior officers in the Seattle Police Department.

XXII

During the period of time intervening between January 1, 1965 and December 31, 1969, defendant FRANK C. RAMON received liquor from unindicted co-conspirator DAVID W. BUHER.

XXIII

During the period of time intervening between January 1, 1965 and January 1, 1969, unindicted co-conspirators and Seattle Police Department Officers JOHN W. CARLSON and

Indictment

9.

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344-2550

RONALD C. McNAUGHT received money from persons conducting gambling who are unindicted co-conspirators and whose names are to the Grand Jury in some cases known and other cases unknown.

XXIV

That on or about February 16, 1966, the defendant JACK D. PORTER received one thousand dollars from unindicted co-conspirator CHARLES DANIEL BERGER.

XXV

On or about January 1, 1967, the defendant CHARLES K. WAITT became the Director of Licenses for King County.

XXVI

During the period of time intervening between January 1, 1967 and November 30, 1967, deceased co-conspirator BEN CICHY gave the defendant CHARLES M. CARROLL approximately two thousand dollars.

XXVII

During the period of time intervening between January 1, 1967 and December 31, 1967, the defendants WILLIAM F. MOORE, W. W. COOK and H. R. SWINDLER met.

XXVIII

During the period of time intervening between January 1, 1967 and July 31, 1969, the defendant WILLIAM F. MOORE met with Seattle Police Officer DAVID W. JESSUP.

XXIX

In March, April or May of 1967, the defendants M. E. COOK, LYLE J. LA POINTE and HENRY SCHULTHEIS met at the home of defendant HENRY SCHULTHEIS.

XXX

At the meeting described in the immediately preceding paragraph, the persons named therein agreed to each contribute \$100 per month from their respective shares of the payoff monies to a pool of money to be thereafter delivered by defendant LEE W. SCOTT, then a King County Deputy Sheriff, to defendant

and then Chief of Police FRANK C. RAMON.

XXXI

During the period of time intervening between June 1, 1967 and June 1, 1969, the defendant ROBERT D. McNEILLY instructed unindicted co-conspirator JAMES HINTERBERGER to take money from persons arrested for public intoxication.

XXXII

During the period of time intervening between June 1, 1967 and June 1, 1969, the defendant ROBERT D. McNEILLY received money from unindicted co-conspirator JAMES HINTERBERGER.

XXXIII

During the period of time intervening between December 1, 1967 and August 31, 1968, the defendant W. W. COOK gave money to his superior officers in the Seattle Police Department.

XXXIV

During the period of time intervening between January 1, 1968 and August 31, 1968, defendant CHARLES O. CARROLL met with deceased co-conspirator BEN CICHY.

XXXV

On or about the 22nd day of August, 1968, the defendant WILLIAM F. MOORE met with Seattle Police Officer GARY BERMAN.

XXXVI

During the period of time intervening between August 1, 1968 and December 31, 1968, unindicted co-conspirator DAVID W. BUHER gave to GEORGE W. FULLER a list of those who paid the vice squad of the Seattle Police Department.

XXXVII

On or about the 31st day of December, 1968, the defendant H. R. SWINDLER became head of the Internal Investigations Division of the Seattle Police Department.

Indictment

11.

CHRISTOPHER T. BAYLEY
Prosecuting Attorney
W554 King County Courthouse
Seattle, Washington 98104
344-2550

XXXVIII

During the time intervening between January 1, 1966 and November 31, 1966, the defendant CHARLES O. CARROLL received \$500 from unindicted co-conspirator CHARLES DANIEL BERGER.

XXXIX

On or about the 1st day of November, 1969, the defendant WILLIAM F. MOORE became acting Chief of Police of the Seattle Police Department.

XL

During the time intervening between August 15, 1970 and August 27, 1970, the defendant CHARLES O. CARROLL met with unindicted co-conspirator GERALD BARMANN.

XLI

During the period of time intervening between August 27, 1970 and November 25, 1970, the defendant CHARLES O. CARROLL telephoned United States Attorney STAN FITKIN and requested that the United States of America grant immunity from prosecution to unindicted co-conspirator JASPER BROZOVICH.

XLII

On or about the 2nd day of October, 1970, the defendant CHARLES O. CARROLL authorized a letter purporting to grant immunity from state prosecution to JASPER BROZOVICH for any actions taken by him while a public officer.

XLIII

During the period of time intervening between June 1, 1971 and July 20, 1971, the defendants H.R. SWINDLER and WILLIAM F. MOORE met with unindicted co-conspirator SIDNEY STEVENSON.

XLIV

During the year 1967, defendant CHARLES M. CARROLL appropriated to his personal use the sum of \$2,400 which he had

received as campaign contributions.

CONTRARY TO RCW 9.22.040 AND AGAINST THE PEACE AND DIGNITY
OF THE STATE OF WASHINGTON.

A TRUE BILL

DATED: JULY _____, 1971

FOREMAN OF THE KING COUNTY GRAND
JURY

PRESENTED BY:

CHRISTOPHER T. BAYLEY
Prosecuting Attorney

RICHARD G. McERROOM, JR.
Chief Special Deputy Prosecuting
Attorney

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
NORTHERN DIVISION

UNITED STATES OF AMERICA,)
)
 Plaintiff)
)
 v.)
)
 FRANK COLACURCIO, CHARLES)
 DANIEL BERGER AND HARRY)
 HOFFMAN)
)
 Defendants)
)

NO. 51898
INDICTMENT

The Grand Jury charges:

COUNT I

That from on or about June 1, 1965, the exact date being to the Grand Jury unknown, and continuously thereafter, until September 24, 1969, the defendants, Frank Colacurcio, Charles Daniel Berger and Harry Hoffman, all of whom are hereinafter called the defendants, did, within the Northern Division of the Western District of Washington, and within the jurisdiction of this Court and elsewhere, knowingly, willfully, unlawfully and feloniously conspire, combine, confederate, and agree together with each other to commit offenses against the United States, more particularly to violate Title 18 U.S.C., Section 1952, by using facilities in interstate commerce, to wit: truck facilities between Englewood, Colorado and Seattle, Washington and telephone facilities between Englewood, Colorado and Seattle, Washington, as well as the use of the mail between Seattle, Washington and Englewood, Colorado, with the intent to promote,

manage, carry on and facilitate the promotion, management and carrying on of business enterprises involving gambling offenses, that is to say, operating bingo games in violation of the revised Code of Washington, Sections 9.47.010, 9.47.030 and 9.59.010 and thereafter perform acts to promote, manage, carry on and facilitate the aforesaid unlawful activity, all in violation of Title 18, U.S.C., Section 1952.

The Grand Jury further charges that the said unlawful combination, conspiracy, confederation and agreement was to be accomplished by the means and in the manner following:

1. That the defendant, Charles Daniel Berger, would operate gambling enterprises involving bingo in violation of the laws of the State of Washington on behalf of the defendants.

2. That the defendant Charles Daniel Berger would deliver to the defendant Frank Colacurcio, on or about the last day of each month, the sum of \$1,000 in cash for each location in the city of Seattle where he was conducting gambling enterprises involving bingo, to wit: the Alfa Club, 1504-1/2 First Avenue, the Lifeline, 1431 First Avenue and the DAV, 7104 Greenwood, N., and the defendant Frank Colacurcio and others, whose names are to the Grand Jury unknown, would guarantee that the Seattle Police Department would maintain a tolerance policy and would not enforce the gambling and lottery laws of the State of Washington with regard to said gambling enterprises involving bingo.

3. That the defendants and co-conspirators would, using facilities in interstate commerce, to wit: truck

transportation facilities and telephone communication facilities between the states of Washington and Colorado, cause the transportation in interstate commerce of the equipment necessary to promote, establish and carry on

business enterprises involving gambling as heretofore described.

OVERT ACTS

That in order to effect the objects of said conspiracy, the following acts were committed:

1. That on or about July 28, 1965, a Washington corporation entitled Senior Citizens of Washington Club of Seattle was incorporated by defendant Harry Hoffman and others to promote, manage, establish and carry on a gambling enterprise in violation of the laws of the State of Washington.
2. That on or about July 28, 1965, the defendant Harry Hoffman became a director of the Senior Citizens of Washington Club of Seattle, a Washington corporation.
3. That on or about September 24, 1965, the defendant Harry Hoffman and others caused the name of the Senior Citizens of Washington Club of Seattle to be changed to the Alfa Club, Inc., a Washington corporation.
4. That on or about the last day of each month between June 1965 and September 1969 at various locations within the city of Seattle, including Ciro's Restaurant, 109 Pine Street and the Firelite Room of the Moore Hotel, 2nd and Virginia Streets, cash payments were made to the defendant Frank Colacurcio in person by the defendant Charles Daniel Berger or by persons acting on his behalf.
5. That on or about June 28, 1965, the defendant Charles Daniel Berger did, using a facility in interstate commerce, to wit, a telephone, order from Bingo King Company of Englewood, Colorado, 1500 shuttertype bingo cards imprinted with the inscription "SENIOR CITIZENS, 1504-1/2 First Avenue, Seattle, Washington", ten cartons of paper throwaway bingo sheets containing 10,500 sheets

per carton, 38 tables and 144 chairs together with other goods usable in a gambling enterprise involving bingo.

6. That on or about June 28, 1965, the Bingo King Company of Englewood, Colorado, did forward from Englewood, Colorado, to 1504-1/2 First Avenue, Seattle, Washington the equipment described in overt act No. 5.

7. That on or about February 13, 1969, Bingo King Company of Englewood, Colorado did forward from Englewood, Colorado, to Seattle, Washington, 20 cartons of paper throwaway bingo sheets containing 10,500 sheets per carton and 12 cartons of double admission tickets.

8. That on or about February 13, 1969, prior to the shipment of the equipment referred to in the previous overt act, defendant Charles Daniel Berger, or persons acting under his control and direction whose identity is at the present time to the Grand Jury unknown, did, using a facility in interstate commerce, to wit: a telephone, request that Bingo King Company of Englewood, Colorado ship said equipment in interstate commerce from Englewood, Colorado, to Seattle, Washington.

9. That on or about March 4, 1969, Bingo King Company of Englewood, Colorado, did forward from Englewood, Colorado, to Seattle, Washington, 20 cartons of paper throwaway bingo sheets containing 10,500 sheets per carton.

All in violation of Title 18, U.S.C., Section 371 and 18 U.S.C., Section 2.

[Counts II-V not included here.]

Presented to the Court by the fore-
man of the Grand Jury in open Court,
in the presence of the Grand Jury and
FILED in the U. S. DISTRICT COURT
at Seattle, Washington.

STAN PITKIN
United States Attorney

STUART F. PIERSON
Assistant U. S. Attorney

1012 U. S. Courthouse
Seattle, Washington 98104

(206) 442-4735

April 27 19 71
CHARLES A. SCHAAF, Clerk

By [Signature] Deputy

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

UNITED STATES OF AMERICA,

Plaintiff,

v.

RICHARD J. POWERS and
JAMES A. ALFIERI,

Defendants.

NO. 52231

INDICTMENT

The Grand Jury charges:

COUNT I

That from on or about October 1, 1970, the exact date being to the Grand Jury unknown, and continuously thereafter, until April 29, 1971, the defendants, RICHARD J. POWERS and JAMES A. ALFIERI, did, within the Western District of Washington, and within the jurisdiction of this Court and elsewhere, knowingly, willfully, unlawfully and feloniously conspire, combine, confederate, and agree together with each other to commit offenses against the United States, to wit: to corruptly endeavor to influence, intimidate, and impede a witness in the United States District Court for the Western District of Washington in the discharge of her duty in the pending cases of United States v. McCullough, No. 52120, and United States v. Colacurcio, No. 51898; all in violation of 18 U.S.C. § 1503.

The Grand Jury further charges that the said unlawful combination, conspiracy, confederation and agreement was to

be accomplished by the means and in the manner following:

1. The defendants RICHARD J. POWERS and JAMES A. ALFIERI would endeavor to induce Mrs. Betty Lou Luke, a witness in the aforesaid cases of United States v. McCullough and United States v. Colacurcio, to receive a payment in lawful United States currency in order to facilitate the evasion by the same Mrs. Betty Lou Luke of service of subpoenas of the United States District Court for the Western District of Washington commanding her presence at the times and places of trial of the aforesaid cases of United States v. McCullough and United States v. Colacurcio.

2. The defendants RICHARD J. POWERS and JAMES A. ALFIERI would endeavor to induce the same Mrs. Betty Lou Luke to join them in efforts to conceal actions taken in furtherance of their unlawful combination, conspiracy, confederation and agreement.

OVERT ACTS

That in order to effect the objects of said conspiracy the following acts were committed:

1. On or about November 18, 1970, defendant RICHARD J. POWERS endeavored to induce the same Mrs. Betty Lou Luke to come to the law offices of defendants RICHARD J. POWERS and JAMES A. ALFIERI on the following day, November 19, 1970.

2. On or about November 19, 1970, defendants RICHARD J. POWERS and JAMES A. ALFIERI described a plan to the same Mrs. Betty Lou Luke in the following manner: In order to facilitate her evasion of the service of subpoenas commanding her presence as a witness for the United States at the trials of the aforesaid cases of United States v. McCullough and United States v. Colacurcio, the same Mrs. Betty Lou Luke would receive ten thousand dollars (\$10,000.00) and defendant

JAMES A. ALFIERI would receive two thousand, five hundred dollars (\$2,500.00).

3. On or about November 20, 1970, defendant JAMES A. ALFIERI endeavored to guide the same Mrs. Betty Lou Luke to the Firelite Restaurant and Lounge, Second and Virginia Avenue, Seattle, Washington for the purpose of meeting Frank Colacurcio and for the purpose of obtaining twelve thousand, five hundred dollars (\$12,500.00); and, upon return to the law offices of RICHARD J. POWERS and JAMES A. ALFIERI, defendant JAMES A. ALFIERI endeavored to induce the same Mrs. Betty Lou Luke to leave Seattle, Washington in order to conceal the aforesaid unlawful combination, conspiracy, confederation and agreement.

4. On or about December 8, 1970, as indicated in part by a tape recording taken pursuant to order of the United States District Court for the Western District of Washington at Seattle, defendant RICHARD J. POWERS met with the same Mrs. Betty Lou Luke in his law office and there endeavored to induce her to evade service of subpoenas, not then served, commanding her presence as a witness for the United States at the trial of the aforesaid case of United States v. Colacurcio, suggesting then that she might later receive monetary payment in an undetermined amount in exchange for such evasion, and that such evasion would protect her from the realization of threats against her life and the lives of her children, which threats she had received during the months of October and November, 1970.

5. On or about February 19, 1971, defendant RICHARD J. POWERS met with the same Betty Lou Luke in his law office and there advised her of the continuing plan for her to evade service of subpoenas, not then served, commanding her presence as a witness for the United States at the trial of the aforesaid case of United States v. Colacurcio.

6. On or about March 12, 1971, as indicated in part by a tape recording taken pursuant to order of the United States District Court for the Western District of Washington at Seattle, defendant RICHARD J. POWERS met with the same Mrs. Betty Lou Duke in his law office and there endeavored to induce her to evade service of subpoenas, not then served, commanding her presence as a witness for the United States at the trial of the aforesaid cases of United States v. McCullough, which had been reset for trial on March 22, 1971, and United States v. Colacurcio.

7. On or about March 12, 1971, as indicated in part by a tape recording taken pursuant to order of the United States District Court for the Western District of Washington at Seattle, defendant JAMES A. ALFIERI met with the same Mrs. Betty Lou Duke in his law office and there described to her a method for concealment of actions taken on November 20, 1971, in furtherance of the aforesaid unlawful combination, conspiracy, confederation and agreement.

All in violation of 18 U.S.C. §§ 2 and 371.

[Counts II-V not included here.]